

## FINANCIAL MONITORING REPORT - QUARTER 1 2017/18

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### 1. Summary

- 1.1 The report sets out the projected revenue expenditure for the whole of 2017/18 as at Quarter 1 and for capital sets out the expenditure up to the end of quarter 1. For capital any budget increases and decrease and any re-profiling of budgets between 17/18 and future years is also set out for decision making.
- 1.2 The Financial Strategy for 2017/18 – 2019/20 was approved by Council in February 2017. This was a short-term financial strategy for 2017/18 and 2018/19 based on achievable, lower impact savings and using one-off resources to close the resultant funding gap.
- 1.3 Ahead of the 2019/20 Financial Year the Council continues to develop strategies alongside the emerging themes emanating from Central Government including the mechanics and implications of the Fair Funding mechanism. These strategies include fit for purpose and consistent Corporate Plan, Economic Growth and Commercial Strategies, which will form the infrastructure within which a coherent, long-term Financial Strategy can be developed. An update to the Financial Strategy is being prepared and will be presented to Members on the next Cabinet agenda on 27 September 2017.
- 1.4 The revenue monitoring within this report is the first produced for this Financial Year and is based on financial information held for the first three months of the year extrapolated to year end to produce an estimated outturn position. The financial transactions resulting from the first 3 months of activity within the Council have not been fully processed at the time of writing and as the year progresses and further financial information becomes available, the quality of the estimates used within this report are expected to increase.
- 1.5 Variances in the overall projected position for the Council will not yet reflect all management action that can be taken and are reported using a RAGY (Red, Amber, Green, Yellow) rating as explained in the background to the report. Management action that will be instigated as a result of the Q1 monitoring projections identified in this report will be reflected in the projected outturn reported within the Q2 Monitoring Report.
- 1.6 The report identifies the current projections on delivery of revenue 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 1, evidence currently suggests that of the £15.026m of proposals to be delivered in 2017/18, £12.225m are rated as Green – with a high degree of certainty of being delivered.

- 1.7 The Quarter 1 position indicates that £2.453m of the £15.026m 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 additional ongoing service pressures to a net value of £5.403m are already being highlighted which services will need to address alongside delivering their savings targets, £0.476m of this value is from savings unachieved in previous years. These pressures have been partially 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.
- 1.8 The key issues highlighted by this report are that:
- The projected revenue outturn is an overspend of £4.188m.
  - Management action will now be instigated to attempt to bring the budget, as far possible, back into balance. As described below, the variance is currently projected within the red zone and thus above what would be considered a “reasonable variance”.
  - The projected General Fund Balance as at 31 March 2018, taking account of the current anticipated overspend, is £10.639m.
  - The projected capital outturn is £77.162m, in line with the current budget. This follows a net capital budget decrease of £3.367m in Quarter 1.
  - Current capital expenditure is £6.709m, representing 9% of the revised budget at Quarter 1, with 25% of the year elapsed.
  - A number of virements are recommended as set out within the report.

## 2. Recommendations

It is recommended that Members:

- A. Note that at the end of Quarter 1 (30 June 2017), the full year revenue forecast is a potential overspend of £4.188m;
- B. Consider the impact of this on the Council’s General Fund Balance.
- C. Approve that a budget of £0.783m for the remaining elements of the Education Services Grant is vired from Corporate Budgets to Learning and Skills as detailed in Appendix 2.
- D. Approve net budget variations of £3.367m to the 2017/18 capital programme, detailed in Appendix 3/Table 6 and the re-profiled 2017/18 capital budget of £77.162m.
- E. Approve re-profiled capital budgets of £29.438m for 2018/19 and £3.600m for 2019/20 and £0.167m for 2020/21 as detailed in Appendix 1/Table 9.
- F. Accept the capital expenditure to date of £6.709m, representing 9% of the revised capital budget for 2017/18, with 25% of the year having elapsed.
- G. Approve the virement of £1m of Department of Transport National Productivity Investment Funding from Highways to the University project as set out in paragraph 8.2.

## REPORT

### 3. Background

3.1 In previous years budget monitors have been produced for directors for each period from June (Period 2) to February (Period 11) inclusive with the quarterly reports going forward to Cabinet. For 2017/18, however, the formal reports for Periods 4, 8 and 10 will not be produced for directors. This will allow the Finance Team to focus on a number of added value activities and provide effective support to the Digital Transformation Programme. This approach has been risk assessed and agreed with directors.

3.2 The monitoring reports track progress against the agreed budget decisions, consider any budget changes (including re-profiling on Capital), forecast any significant variances to the budget, and overall enable corrective action to be taken to attempt to ensure a balanced budget at year end.

3.3 Revenue 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        Overspend variance over 2% (or £0.1m if budget less than £5m)

Yellow     Underspend of 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 2017/18, 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

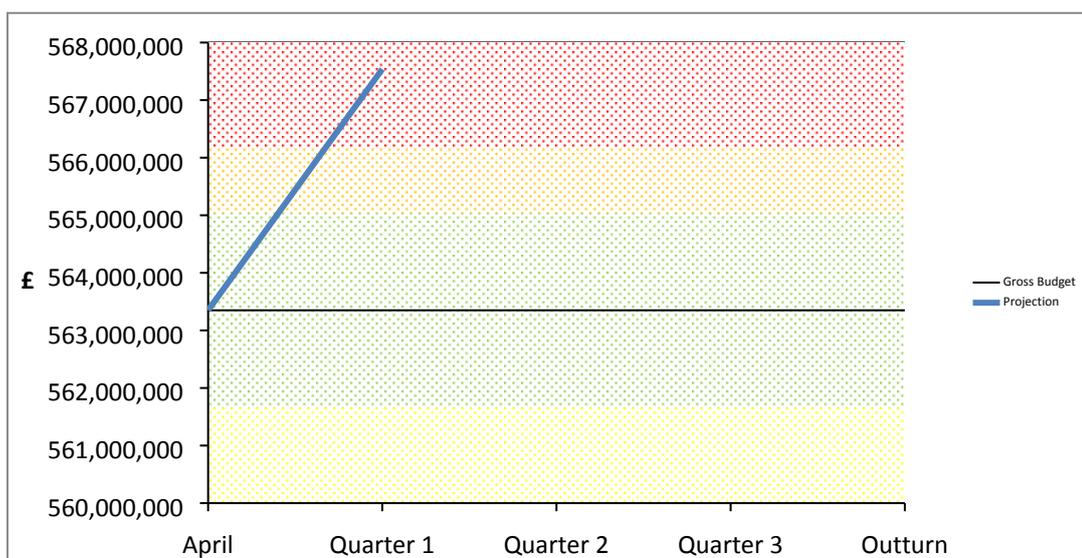
3.5 Capital schemes are also reported on an exception basis, based on being delivered within budget and the expectation of being delivered within scheme timeframe.

### 4. Revenue Monitoring 2017/18 Budget - Overall Position

4.1 The projected revenue forecast for the year, at Quarter 1, shows a potential overspend of £4.188m (0.74%) on a gross budget of £563.3m (net £206.1m) for the full year. The forecast year end position for the whole council is revised each quarter 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 1

the projected year end overspend of £4.188m is falling within the red banding, as shown in Graph One below.

**Graph 1: Projected outturn variance to Gross Budget**



- 4.2 The projected overspend of £4.188m for 2017/18 is presented by service area below and analysed in more detail in Appendix 1.

**Table 1: 2017/18 Projected Budget Variations Analysed by Service Area**

Service Area	Revised Budget £'000	Forecast Outturn £'000	(Under) / Overspend £'000	RAGY Classification
Adult Services	91,987	91,921	(66)	Y
Children's Services	47,530	50,974	3,444	R
Place & Enterprise	82,819	83,881	1,062	G
Public Health	5,528	5,429	(99)	Y
Resources & Support	3,514	4,540	1,026	R
Corporate	(25,305)	(26,484)	(1,179)	Y
<b>Total</b>	<b>206,073</b>	<b>210,261</b>	<b>4,188</b>	<b>R</b>

## 5. Update on Savings Delivery

- 5.1 The savings projections for 2017/18 have been RAG rated in order to establish the deliverability of the savings and any potential impact on the outturn projection for the 2017/18 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. These are reflected as unachieved within this monitoring report.
- 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. The projected outturn within this report assumes these savings will be delivered (see 5.3. below).

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 2017/18 Savings Proposals**

Service Area	Red £'000	Amber £'000	Green £'000	Total Savings £'000
Adult Services	-	-	-	-
Children's Services	1,008	212	970	2,190
Place & Enterprise	974	109	2,992	4,075
Public Health	48	-	321	369
Resources & Support	423	27	2,074	2,524
Corporate	-	-	5,868	5,868
<b>Total Savings</b>	<b>2,453</b>	<b>348</b>	<b>12,225</b>	<b>15,026</b>

5.2 The figures presented above show that 81% of the 2017/18 savings target have been flagged as green with a further 2% having plans in place to be delivered.

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, there is still a risk that these could impact on the outturn position for 2017/18. As the year progresses, these amber savings should gradually turn to green as the evidence becomes available. However 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 2017/18**

Service Area	Quarter 1 Projected Outturn £'000	Amber Savings £'000	Potential Outturn if Amber Savings not Achieved £'000
Adult Services	(66)	-	(66)
Children's Services	3,444	212	3,656
Place & Enterprise	1,062	109	1,171
Public Health	(99)	-	(99)
Resources & Support	1,026	27	1,053
Corporate	(1,179)	-	(1,179)
<b>Total</b>	<b>4,188</b>	<b>348</b>	<b>4,536</b>

## 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 2017/18 in addition to new monitoring pressures identified any 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 1 Projection	Savings Pressure in 2017/18	Ongoing Monitoring Pressures from previous years unachieved savings	Ongoing Monitoring Pressures Identified	Ongoing Monitoring Savings Identified	One off Monitoring Pressures Identified	One off Monitoring Savings Identified
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Business Support & Development	(135)	-	-	-	-	19	(154)
Contracts & Provider	(55)	-	-	32	-	195	(282)
Social Care Operations	233	-	-	465	-	941	(1,173)
Adult Services Management	(69)	-	-	-	-	-	(69)
Housing Health & Wellbeing	(40)	-	-	-	-	-	(40)
<b>Adult Services</b>	<b>(66)</b>	<b>-</b>	<b>-</b>	<b>497</b>	<b>-</b>	<b>1,155</b>	<b>(1,718)</b>
Learning & Skills	797	338	52	479	-	179	(251)
Children's Safeguarding	2,647	670	205	1,926	(120)	301	(335)
Children's Services Management	-	-	-	-	-	-	-
<b>Children's Services</b>	<b>3,444</b>	<b>1,008</b>	<b>257</b>	<b>2,405</b>	<b>(120)</b>	<b>480</b>	<b>(586)</b>
Director of Place & Enterprise	1	-	-	-	-	1	-
Business Enterprise & Commercial Services	123	395	-	694	-	138	(1,104)
Commissioning Support	(47)	-	-	-	-	-	(47)
Procurement & Contracts	(17)	-	-	-	-	-	(17)
Economic Development	21	-	-	-	-	49	(28)
Infrastructure & Communities	981	579	-	730	-	258	(586)
<b>Place &amp; Enterprise</b>	<b>1,062</b>	<b>974</b>	<b>-</b>	<b>1,424</b>	<b>-</b>	<b>446</b>	<b>(1,782)</b>
<b>Public Health</b>	<b>(99)</b>	<b>48</b>	<b>-</b>	<b>12</b>	<b>-</b>	<b>48</b>	<b>(207)</b>
Customer Involvement	944	223	219	508	-	152	(158)
Finance, Governance & Assurance	238	200	-	257	(80)	-	(139)
Human Resources	(57)	-	-	-	-	61	(118)
Legal, Democratic & Strategy	(81)	-	-	53	-	8	(142)
SMB	(18)	-	-	-	-	-	(18)
<b>Resources &amp; Support</b>	<b>1,026</b>	<b>423</b>	<b>219</b>	<b>818</b>	<b>(80)</b>	<b>221</b>	<b>(575)</b>
Corporate	(1,179)	-	-	338	(367)	164	(1,314)
<b>Corporate</b>	<b>(1,179)</b>	<b>-</b>	<b>-</b>	<b>338</b>	<b>(367)</b>	<b>164</b>	<b>(1,314)</b>
<b>Total</b>	<b>4,188</b>	<b>2,453</b>	<b>476</b>	<b>5,494</b>	<b>(567)</b>	<b>2,514</b>	<b>(6,182)</b>

6.2 The 2017/18 savings not projected to be delivered in the Quarter 1 position are within Educational Support Services, Short Breaks and Children's Centres in Children's Services. Place & Enterprise within: Corporate Landlord, Libraries,

Car Parks, the Energy Company and the Grey Fleet saving from Transport. In Resources & Support are from delays of a restructure within Customer Involvement and from unachievable savings within Revenues and Benefits. More detail on these is provided within the relevant service sections in appendix 1.

- 6.3 A number of ongoing pressures are being identified within service areas. £0.476m of these ongoing pressures have arisen as a result of previous years unachieved savings. £0.257m is within Children's Services and relates to Education Access and Early Help savings which have not yet been fully achieved. And £0.219m within Resources & Support relating to Multi-Functional Device contracts, Lync telephones and Credit Union savings.
- 6.4 Other ongoing pressures include increased property and transport costs within social care, residential and foster placements within Children's safeguarding, increased property costs and reduced income within Corporate Landlord, pressures within Environmental Maintenance reactive maintenance, Highways & Transport bus subsidies and concessionary fares, and within IT Services in relation to corporate licensing, support and maintenance and the Lync system. Some ongoing savings have been identified to mitigate these pressures, but these only equate to around 10% of the level of the pressures. Further work is required within service areas to find an ongoing basis for managing and funding these pressures so that further growth is not required within the financial strategy and hence an increase in the funding gap.

## **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 2017/18 the minimum balance required would therefore be £2.817m, although this is no longer considered to be an acceptable guide. The more appropriate risk based target balance for the General Fund, as calculated in the Robustness of Estimates and Adequacy of Reserves reported to Council on 23 February 2017, was £13.289m. This figure had been revised downwards reflecting the fact that the Council has undertaken a strategy of only pursuing robust and deliverable savings proposals for the next two financial years, and financing the remaining funding gap through the use of one off resources.
- 7.2. Based on the current monitoring position, however, the General Fund Balance will be below the required target, as shown in table 5 below, and significant management action will need to be taken:

**Table 5: Projected General Fund Balance As At 31 March 2018**

	<b>£'000</b>
General Fund Balances as at 31 March 2017	14,827
This report – projected outturn (underspend)	<b>(4,188)</b>
<b>Projected Balance at 31 March 2018</b>	<b>10,639</b>

## 8. Movement in Capital Programme for 2017/18

8.1 The capital budget for 2017/18 is subject to change, the largest element being slippage from 2016/17 and re-profiling into future years. In Quarter 1 there has been a net budget decrease of £3.367m for 2017/18, compared to the position reported at Outturn 2016/17. Table 6 summarises the overall movement between that already approved, changes for Quarter 1 and the programme financing.

**Table 6: Revised Capital Programme Quarter 1 2017/18**

Service Area	Agreed Capital Programme - Council 23/02/17	Slippage and budget changes approved to Outturn 2016/17	Q1 budget changes to be approved	Revised 2017/18 Capital Programme Q1
<b>General Fund</b>				
Place & Enterprise	38,301,000	5,178,730	<b>(1,051,065)</b>	42,428,665
Adult Services	2,369,825	3,824,298	-	6,194,123
Public Health	500,000	117,032	-	617,032
Children's Services	9,978,855	1,771,892	<b>(2,254,803)</b>	9,495,944
Resources & Support	9,256,230	<b>(1,451,292)</b>	<b>(61,200)</b>	7,743,738
<b>Total General Fund</b>	<b>60,405,910</b>	<b>9,440,660</b>	<b>(3,367,068)</b>	<b>66,479,502</b>
Housing Revenue Account	5,652,467	5,029,584	-	10,682,051
<b>Total Approved Budget</b>	<b>66,058,377</b>	<b>14,470,244</b>	<b>(3,367,068)</b>	<b>77,161,553</b>

8.2 Full details of all budget changes are provided in Appendix Three to this report. Significant budget changes across the life of the programme in Quarter 1 are:

### Budget Increases

- New allocations of Department of Education funding of £0.568m in Devolved Formula Capital (DFC), to be spent direct by schools and £0.369m in Early Years Capital grant to support Early Years providers in the delivery of 30-hour free childcare. New funding of £0.167m per annum has also been provided for 2018/19 to 2020/21 to support Local Authorities to create new places and improve facilities for pupils with complex special educational needs.
- Environment Agency funding of £0.153m for two new flood and water management schemes at Westbury and Shifnal.

### Budget Decreases

- Department of Education Condition grant has decreased by £0.213m. Initial allocation was provisional, and has reduced to reflect schools that have transferred from the Council's control since the provisional allocation.

#### **Budget Virements**

- £1m of the Department of Transport National Productivity Investment Fund has been vired from Highways to the University project. This is in accordance with the conditions on what the funding can be used for.

#### **Budget Re-profiling**

- **Place & Enterprise:** re-profiling of £1.242m on the Oxon Link Road LEP scheme to reflect current scheme reported profile.
- **Learning & Skills:** re-profiling of £3m of unallocated Basic Need funding, which will not be required to deliver schemes until later years.

## **9. Current Capital Programme and Forecast Outturn**

- 9.1 The capital programme is reviewed on a regular basis to re-profile the budget to reflect the multi-year nature of capital schemes, whereby spend may slip into later years. However, it is possible that a level of underspend or overspend may be experienced against the revised capital budget at outturn. Outturn projections are incorporated into the capital monitor to enhance the monitoring information provided and allow the early identification where schemes are deviating from budget. At this early stage of the financial year we are forecasting outturn to budget as this is what is expected to be delivered throughout the 2017/18 year. Table 7 summarises the outturn position for 2017/18.

**Table 7: Current Capital Programme and Forecast Outturn Quarter 1 2017/18**

	<b>2017/18 Revised Capital Programme</b>	<b>2017/18 Forecast Outturn</b>	<b>Variance</b>
<b>General Fund</b>			
Expenditure	66,479,502	66,479,502	-
Financing	(66,479,502)	(66,479,502)	-
<b>Shortfall/(surplus) in Resource</b>	-	-	-
<b>Housing Revenue Account</b>			
Expenditure	10,682,051	10,682,051	-
Financing	(10,682,051)	(10,682,051)	-
<b>Shortfall/(surplus) in Resource</b>	-	-	-

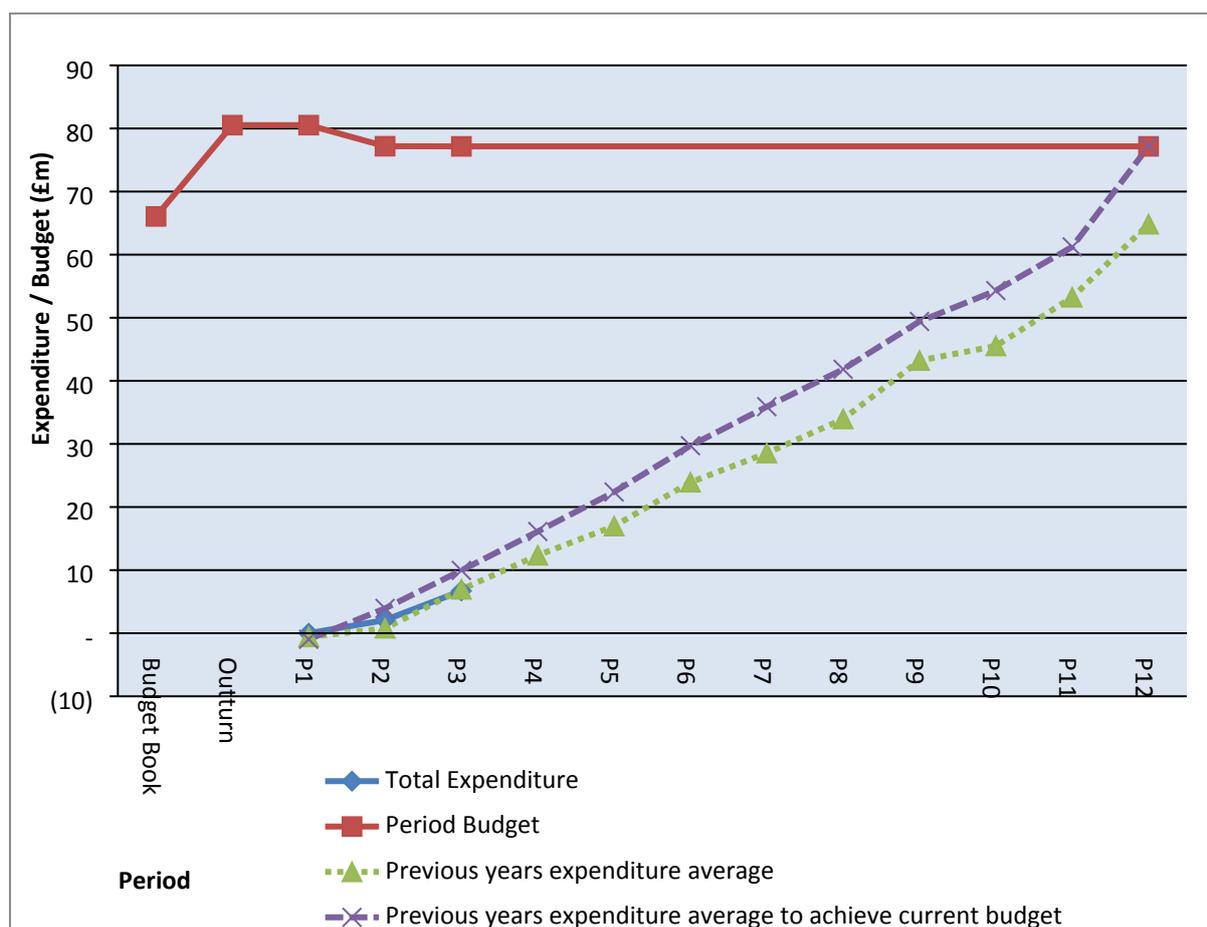
## **10. Actual versus Planned Expenditure to Date**

- 10.1 The actual capital expenditure at Quarter 1 is £6.708m, which represents 9% of the revised capital budget at Quarter 1, 25% of the year. This is low in comparison to the total budget, but in line with the average expenditure percentage at this period in previous years. All budgets are fully allocated to projects and will be monitored for levels of spend throughout the year. Based on recent years, the capital programme has out turned at around 85% of the outturn budget, which on average has been around 20% lower than the Quarter 1 budget, due to further re-profiling later in the year.

10.2 The level of spend is low across the programme, in terms of the major areas the spend position is as follows: Highways & Transport 13% (budget £20.136m), LEP schemes 24% (£4.249m), Broadband 0% (£12.017m), Corporate Landlord 18% (£1.025m), Adult Social Care 12% (£0.990m), Housing Health & Wellbeing 5% (£5.204m), ICT Digital Transformation Programme 0% (£7.744m) Learning & Skills Programme 6% (£9.496m), HRA Major Repairs 12% (£6.347m) and HRA New Build Programme 8% (£3.954m).

10.3 Graph Two below shows actual expenditure by period and also tracks the period by period changes to the budget.

**Graph 2: Total Expenditure and budget changes**



## 11. Financing the Capital Programme

11.1 Appendix 1 provides a full summary of the financing of the 2017/18 capital programme. Table 8 summarises the financing sources and changes made to Outturn 2016/17 and to be approved to Quarter 1.

**Table 8: Revised Capital Programme Financing**

Financing	Agreed Capital Programme - Council 23/02/17	Slippage and budget changes approved to Outturn 2016/17	P2 budget changes to be approved	Revised 2017/18 Capital Programme P2
Self Financed Prudential Borrowing	300,000	-	-	300,000
Government Grants	39,314,074	4,900,015	(50,345)	44,163,744
Other Grants	-	52,401	-	52,401
Other Contributions	382,750	157,149	38,258	578,157
Revenue Contributions to Capital	709,040	7,772,715	(41,200)	8,440,555
Major Repairs Allowance	4,833,074	575,719	-	5,408,793
Corporate Resources (expectation - Capital Receipts)	20,519,439	1,012,245	(3,313,781)	18,217,903
<b>Total Confirmed Funding</b>	<b>66,058,377</b>	<b>14,470,244</b>	<b>(3,367,068)</b>	<b>77,161,553</b>

## 12. Projected Longer Term Capital Programme to aid Medium Term Financial Plan

12.1 The updated capital programme is summarised by year and financing in Table 9 below:

**Table 9: Capital Programme 2018/19 to 2020/21**

Service Area	2018/19	2019/20	2020/21
<b>General Fund</b>			
Place & Enterprise	26,047,583	3,433,781	-
Adult Services	-	-	-
Public Health	-	-	-
Children's Services	3,166,667	166,667	166,667
Resources & Support	61,200	-	-
<b>Total General Fund</b>	<b>29,275,450</b>	<b>3,600,448</b>	<b>166,667</b>
Housing Revenue Account	162,219	-	-
<b>Total Approved Budget</b>	<b>29,437,669</b>	<b>3,600,448</b>	<b>166,667</b>
<b>Financing</b>			
Self Financed Prudential Borrowing	-	-	-
Government Grants	25,405,171	2,603,039	166,667
Other Grants	-	-	-
Other Contributions	-	-	-
Revenue Contributions to Capital	137,100	-	-
Major Repairs Allowance	-	-	-
Corporate Resources (expectation - Capital Receipts)	3,895,398	997,409	-
<b>Total Confirmed Funding</b>	<b>29,437,669</b>	<b>3,600,448</b>	<b>166,667</b>

12.2 The Corporate Resources financing line in the above table is the element of internal resources required to finance the programme. These internal resources are either capital receipts and/or corporately financed prudential borrowing. The current expectation is that these will all be through capital receipts, see section 13 for the current projected position. Proposals are currently been considered by officers through the Capital Investment Board for

new schemes for the Council to invest in, with an emphasis on invest to save schemes or schemes that create revenue generation.

### 13. Capital Receipts Position

13.1 The current capital programme is heavily reliant on the Council generating capital receipts. There is a high level of risk in these projections as they are subject to changes in property and land values, the actions of potential buyers and being granted planning permission on sites. Table 5 below, summarises the current allocated and projected capital receipt position across 2017/18 to 2019/20. A RAG analysis has been included for capital receipts projected, based on the current likelihood of generating them by the end of each financial year. Those marked as green are where they are highly likely to be completed by the end of the financial year, amber are where they are achievable but challenging and thus there is a risk of slippage, and red are highly unlikely to complete in year and thus there is a high risk of slippage. However, no receipts are guaranteed to complete in this financial year as there may be delays between exchanging contracts and completing.

**Table 10: Projected capital receipts position**

Detail	2017/18	2018/19	2019/20	2020/21
	£	£	£	£
Corporate Resources Allocated in Capital Programme	18,217,903	3,895,398	997,409	-
To be allocated from Ring Fenced Receipts	8,395,816	8,014,688	-	-
<b>Total Commitments</b>	<b>26,613,719</b>	<b>11,910,086</b>	<b>997,409</b>	-
<b>Capital Receipts in hand/projected:</b>				
Brought Forward in hand	18,370,400	1,158,897	-	-
Generated 2017/18 YTD	2,070,455	-	-	-
Projected - 'Green'	7,331,761	-	-	-
<b>Total in hand/projected</b>	<b>27,772,616</b>	<b>1,158,897</b>	-	-
Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward	(1,158,897)	10,751,189	997,409	-
Further Assets Being Considered for Disposal	1,644,500	18,217,644	-	-

10.2 Capital receipts of £18.370m were brought forward from 2017/18 and £2.070m has been generated to date in 2017/18. A further £7.332m is currently projected as 'Green' for 2017/18. Based on delivering the revised capital programme and delivering all the receipts profiled as Green for 2017/18; the programme is affordable, and there will be a balance of receipts to carry forward.

10.3 Based on the current approved position, across the life of the programme there is significant headroom in capital receipts in-hand/projected above the current expenditure commitments. There is, however, still the requirement to progress the disposals programmed for future years, to ensure they are realised, together with realising the revenue running cost savings from some of the properties. Considerable work is required to realise these receipts, with generally a lead in time of at least 12 to 18 months on larger disposals. In addition to the current expenditure commitments, the programme will also grow as new schemes are approved through the Capital Investment Board or if the Council further utilises

the new flexibilities around the use of Capital Receipts for transformational revenue purposes over the 2 year period to 2018/19.

- 10.4 It is important that work progresses, to avoid a funding shortfall in future years. Failure to generate the required level of capital receipts will result in the need to further reduce or re-profile the capital programme, some of which will occur naturally as part of the review of the delivery of schemes; or undertake prudential borrowing, which will incur future year's revenue costs that are not budgeted in the revenue financial strategy.

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

Financial Strategy 2017/18-2019/20  
Financial Rules

**Cabinet Member (Portfolio Holder)**  
Councillor David Minnery (Finance)

**Local Member**  
All

**Appendices**

1. Service Area Pressures and Actions 2017/18
2. Amendments to Original Budget 2017/18
3. Capital Budget and Expenditure 2017/18

**Service Area Pressures and Actions 2017/18**Summary

	Full year			RAGY
	Budget	Forecast	Variance	
	£	£	£	
Adult Services	91,986,650	91,920,427	(66,223)	Y
Children Services	47,530,200	50,974,671	3,444,471	R
Place & Enterprise	82,818,980	83,880,670	1,061,690	G
Public Health	5,528,350	5,429,292	(99,058)	Y
Resources & Support	3,513,880	4,539,926	1,026,046	R
Corporate	(25,305,050)	(26,483,784)	(1,178,734)	Y
<b>Total</b>	<b>206,073,010</b>	<b>210,261,202</b>	<b>4,188,192</b>	<b>A</b>

Detail

ADULT SERVICES	Full year			RAGY
	Budget	Forecast	Variance	
	£	£	£	
<b>Total</b>	<b>91,986,650</b>	<b>91,920,427</b>	<b>(66,223)</b>	<b>Y</b>

<b>Adult Business Support &amp; Development</b>	<b>Portfolio Holder Health &amp; Adult Social Care</b>	3,136,740	3,001,134	(135,606)	<b>Y</b>
Overall underspend of £0.136m due to a number of small and managed variances across the service which are not sustainable beyond the short-term, but which are not expected to impact on service delivery in 2017/18. A summary of the major variances are £0.015m overspend due to Safeguarding board costs and a one-off additional cost of the CM2000 electronic homecare monitoring system of £0.004m, offset by £0.072m underspends on staff costs due to vacancies, £0.035m underspend on supplies & services budgets within Business Support and Development, £0.026m additional income projected for the Client Property team and £0.021m underspend on Joint Training, Professional Development Unit and Enable.					
<b>Contracts &amp; Provider</b>	<b>Portfolio Holder Health &amp; Adult Social Care</b>	5,666,400	5,611,465	(54,935)	<b>Y</b>
Overall underspend of £0.556m due to a number of small and managed variances across the service which are not sustainable beyond the short-term, but which are not expected to impact on service delivery in 2017/18. A summary of the major variances are £0.041m projected overspend on Assistive Technology and Occupational Therapists equipment, £0.129m underspend projected across all day services due to various in year vacancies and managed variances in working budgets such as office costs, equipment and furniture replacement etc.. £0.047m overspend relating to purchasing costs. £0.034m one-off cost of decanting residents from Kempfield to Crowmoor whilst the development of Kempfield takes place. £0.037m underspend relating to Crowmoor contract. £0.010m underspend on supplies & services budgets.					
<b>Social Care Operations</b>	<b>Portfolio Holder Health &amp; Adult Social Care</b>	75,943,570	76,176,763	233,193	<b>G</b>
We are currently projecting an overall overspend of £0.233m within the Social Care Operations section of Adults. To date in 2017/18 we have seen in the region of 440 new clients since 1st April costing in the region of £5.23m for the financial year. Some of this will be offset by people leaving the system. There are still concerns about the disinvestment intentions and actions of the Clinical Commissioning Group (CCG) particularly around the removal of Discharge to Assess Beds from the market, 4 of which we have agreed to fund from the Improved Better Care Fund funding that is available to adults. The overall Better Care Fund has still not been agreed and we are waiting for the final guidance to be issued to confirm the amounts Shropshire Council will be receiving from the CCG. We are presently assuming the same levels as 2016-17 where Shropshire Council received £8.190m. If this level of funding is reduced then it will adversely affect the projected position. A summary of the major variances are £0.478m projected overspend on property costs,. £0.027m estimated underspend on transport costs. £0.416m estimated staffing underspend due to delays in appointing a number of staff vacancies – the					

ADULT SERVICES		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
<p>saving is estimated at £0.416m as the majority of posts will be filled within the next 2 months. £0.916m estimated overspend within Integrated Community Services (ICS)*, however we are at an early stage of the year and changes are being made to the operating model in order to bring this projected overspend down. Purchasing overall is currently estimating to underspend by £0.650m, £0.707m is included within Social Care Operations. Finance continue to monitor actual and projected spend against the Adult Social Care (ASC) Growth Model that has been developed. £0.011m underspends projected on supplies &amp; services budgets. *ICS is the team which facilitates hospital discharge and admission avoidance.</p>					
<b>Adult Services Management</b>	<b>Portfolio Holder Health &amp; Adult Social Care</b>	2,662,000	2,593,125	(68,875)	<b>Y</b>
Overall underspend of £0.069m due to a small number of managed vacancies within the Management section of Adults which are not sustainable beyond the short-term, but which are not expected to impact on service delivery in 2017/18					
<b>Housing Health</b>	<b>Portfolio Holder Health &amp; Adult Social Care</b>	4,577,940	4,537,940	(40,000)	<b>Y</b>
£0.040m underspend relates to projected spend in the Housing Options and Homepoint Team.					

CHILDRENS SERVICES		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
<b>Total</b>		<b>47,530,200</b>	<b>50,974,671</b>	<b>3,444,471</b>	<b>R</b>

<b>Learning &amp; Skills</b>	<b>Portfolio Holder for Children and Young People</b>	20,394,540	21,191,508	796,968	<b>R</b>
<p>The current monitoring position reflects unachieved 2017/18 savings of £0.338m. Originally savings targets totalling this value were assigned to Education Support Service budgets, however the subsequent removal of the general duties part of the Education Services Grant has rendered it impossible to achieve any further savings in these areas as the budgets have either already been removed, or alternatively schools have agreed to maintain the current level of service on a one-off basis for 2017/18 through a top-slicing of their School Budget Shares. This is for a 12 month period while these services review their structures and service offers, and move to a self-sufficient, fully traded model from 2018/19. There is also £0.052m of unachieved saving carried forward from last year against Education Support Services.</p> <p>Besides unachieved savings targets, Learning and Skills is projecting overspends resulting from reductions in Central Government grants. £0.087m relates to the loss of Education Services Grant and a further £0.274m relates to the loss of Dedicated Schools Grant funding. The latter is a direct result of a baselining exercise undertaken by the Department for Education to remove any Dedicated Schools Grant funding that did not meet strict criteria that constitutes a historic spending commitment.</p> <p>There is a £0.048m ongoing budget pressure against the Education Improvement Service's traded income and a historic budget pressure totalling £0.033m within Learning and Skills Business Support relating to the high-speed schools network.</p> <p>A 2017/18 savings target attributable to the Information, Advice and Guidance Service will be achieved fully through a major reduction in the size of this team. A difficult decision was made to cease the trading arm of this service with schools, with the Council's net budget reduced to a level sustainable to deliver only the core statutory duties of this team. Due to slippage in the implementation date of the service restructure the savings target will</p>					

CHILDRENS SERVICES		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
<b>Total</b>		<b>47,530,200</b>	<b>50,974,671</b>	<b>3,444,471</b>	<b>R</b>
<p>only be achieved in part in 2017/18 resulting in a one-off monitoring pressure of £0.104m.</p> <p>The cost pressures above have been partially offset by the forecast underspend of £0.048m against the Schools' Redundancy Fund. This budget is highly volatile and this position could change at short notice. There are also one-off projected underspends of £0.065m on Education Improvement Service staffing and net one-off savings of £0.026m across the rest of Learning and Skills.</p> <p>In order to address the overspend in Learning and Skills, officers are undertaking a review of traded services with schools, to ensure that they are cost neutral to the Council. Efficiencies in home to school transport costs are also being made where possible, through further promotion of independent travel training and SEN personal transport budgets.</p>					
<b>Children's Safeguarding</b>	<b>Portfolio Holder for Children and Young People</b>	26,689,780	29,337,312	2,647,532	<b>R</b>
<p>This single service area represents over 60% of the projected overspend for the Council and reflects the national picture of 75% of councils overspending on Children's Services in order to keep vital protections in place.</p> <p>Unachieved 2017/18 savings targets account for £0.670m of the £2.648m projected overspend. £0.120m of the £0.670m relates to Short Breaks commissioning, where the contracts originally targeted with savings have been renewed achieving better service outcomes and greater value for money but with no reduction in contract value due to increased demand in the service. The remaining £0.550m relates to Early Help where only £0.450m of a total target savings target of £1.000m has been achieved; this being through a staff restructure. An options appraisal document is being produced to identify various proposals to deliver different levels of savings, the impact of implementing these savings plans on service delivery, and the impact on costs elsewhere in Children's Social Care. There is a further £0.205m of unachieved savings carried forward from 2016/17, which is subject to the same options appraisal.</p> <p>There is a projected overspend of £1.141m on external residential and foster care placements. The planned reduction in Looked After Children numbers as stated in the Council's Looked After Children Strategy has not come to fruition as there are a growing number of young people with complex needs. The service is satisfied that the children and young people coming into the care of Shropshire Council in this financial year are children that need to be in the care system. The service has experienced an increase in the breakdown of some fostering placements, meaning children are leaving placements with Shropshire foster carers to be placed in higher cost residential placements. 7 children have moved from foster to residential placements resulting in an average increase in cost of £0.105m per placement and a total additional cost of £0.735m. There is a continued drive to reduce higher cost residential placements for children where it is appropriate and this will have a positive impact on the budget. It is notable that this is a volatile area where projections can change significantly in year.</p> <p>In addition to the above there is a new ongoing pressure of £0.449m related to Unaccompanied Asylum Seeking Children. Central Government funds a proportion of these costs through a weekly value based on the child's age. Previously the Council has managed to fund these costs within the grant funding available but due to some complex safeguarding needs and high flight risks there has been a need to place some children in high cost placements that are not fully funded placing a pressure on the service. This outlines the worst case scenario financially and plans are in hand to reduce the cost of the high cost placements.</p> <p>In order to try to reduce the ongoing pressure on Children's Safeguarding in the medium to long term, officers are exploring options to reduce placement costs through a range of measures such as increasing the cohort of internal foster carers. A review of Early Help provision is also underway, as described above</p> <p>A new ongoing pressure of £0.077m has been imposed in Early Help relating to the loss of Public Health grant contributions. Meetings are in place to work with Public Health to manage the reduction in support to Council funded services in year.</p> <p>There is an historic budget pressure of £0.139m caused by agency staffing costs in the social work teams. This pressure continues to reduce through managing recruitment effectively. However, the need to ensure that children who are looked after or who are on a Child Protection Plan or in need of a plan are adequately supported,</p>					

<b>CHILDRENS SERVICES</b>		<b>Full year</b>			<b>RAGY</b>
		Budget	Forecast	Variance	
		£	£	£	
<b>Total</b>		<b>47,530,200</b>	<b>50,974,671</b>	<b>3,444,471</b>	<b>R</b>
<p>in line with statutory timescales, will dictate that any sickness, maternity or temporary vacancy must be covered in the interim through agency staff. Historically, there has been no budget assigned to cover the need for agency staff.</p> <p>Finally, there are some smaller in year one-off savings on contracts and vacancy management, offset by one-off in year monitoring pressures, which net to an in year saving of £0.034m.</p>					
<b>Children's Services Management</b>	<b>Portfolio Holder for Children and Young People</b>	445,880	445,851	(29)	<b>Y</b>
Minor variation from budget as at Quarter 1.					

<b>PLACE &amp; ENTERPRISE</b>		<b>Full year</b>			<b>RAGY</b>
		Budget	Forecast	Variance	
		£	£	£	
<b>Total</b>		<b>82,818,980</b>	<b>83,880,670</b>	<b>1,061,690</b>	<b>G</b>

<b>Director of Place &amp; Enterprise</b>		538,100	539,087	987	<b>G</b>
Minor variation from budget as at Quarter 1.					
<b>Director of Place &amp; Enterprise Total</b>		<b>538,100</b>	<b>539,087</b>	<b>987</b>	<b>G</b>

<b>Head of Business Enterprise &amp; Commercial Services</b>	<b>Portfolio Holder Corporate Support</b>	185,530	185,128	(402)	<b>Y</b>
Minor variation from budget as at Quarter 1.					
<b>Strategic Asset Management</b>	<b>Portfolio Holder Corporate Support</b>	1,468,350	1,466,412	(1,938)	<b>Y</b>
Minor variation from budget as at Quarter 1.					
<b>Corporate Landlord</b>	<b>Portfolio Holder Corporate Support</b>	937,060	1,028,224	91,164	<b>A</b>
The total overspend of £0.091m is due to a number of large compensating variances. There is a £0.370m pressure from an unachieved savings target on accommodation income in relation to University Centre					

PLACE & ENTERPRISE		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Shrewsbury occupation of Guildhall. Ongoing pressures within Corporate Landlord include student income underachievement by £0.129m, rents paid shortfall of £0.041m, a budget pressure of £0.148m on Wide Area Network bill charges, unbudgeted expenditure items of £0.052m and a rates pressure of £0.323m due to revaluations. The rates pressure has been offset this year by a number of anticipated rates refunds following successful appeals, these will provide a £0.590m one-off saving. There are also anticipated underspends of £0.138m on utilities and a further £0.225m one-off use of the Repairs and Maintenance reserve.					
<b>Enterprise Initiatives</b>	<b>Portfolio Holder Economic Growth</b>	(27,390)	(2,390)	25,000	<b>G</b>
The £0.025m variance relates to income arising from the Shropshire Council and Scottish and Southern Energy partnership, which is anticipated to be less than budgeted for. The energy partnership offer is being re-launched in September and this is anticipated to improve commission income.					
<b>Premises Services</b>	<b>Portfolio Holder Corporate Support</b>	140,870	138,700	(2,170)	<b>Y</b>
Minor variation from budget as at Quarter 1.					
<b>Shire Services</b>	<b>Portfolio Holder Corporate Support</b>	537,210	537,210	-	<b>G</b>
No variation from budget as at Quarter 1.					
<b>Theatre Severn</b>	<b>Portfolio Holder Culture and Leisure</b>	262,550	273,703	11,153	<b>G</b>
Minor variation from budget as at Quarter 1, primarily due to staffing overspends					
<b>One Public Estate</b>	<b>Portfolio Holder Corporate Support</b>	530	0	(530)	<b>G</b>
Minor variation from budget as at Quarter 1.					
<b>Business Enterprise &amp; Commercial Services Total</b>		<b>3,504,710</b>	<b>3,627,517</b>	<b>122,807</b>	<b>G</b>
<b>Commissioning Support</b>	<b>Portfolio Holder Corporate Support</b>	50	(46,640)	(46,690)	<b>Y</b>
Projected underspend due to vacancies within the team.					
<b>Commissioning Support Total</b>		<b>50</b>	<b>(46,640)</b>	<b>(46,690)</b>	<b>Y</b>
<b>Procurement &amp; Contracts</b>	<b>Portfolio Holder Corporate Support</b>	180,680	163,175	(17,505)	<b>Y</b>
Minor variation from budget as at Quarter 1.					
<b>Procurement &amp; Contracts Total</b>		<b>180,680</b>	<b>163,175</b>	<b>(17,505)</b>	<b>Y</b>
<b>Head of Economic Development</b>	<b>Portfolio Holder Economic Growth</b>	122,400	122,713	313	<b>G</b>
Minor variation from budget as at Quarter 1.					
<b>Development Management</b>	<b>Portfolio Holder Planning and Regulation</b>	905,070	954,484	49,414	<b>G</b>
Planning application fees are set nationally by Government. In 2017/18 a fee increase was anticipated, however delays in the Parliamentary process mean that there will be a delay in fee increases. Consequently income from fees is anticipated to be less than budgeted for.					
<b>Economic Growth</b>	<b>Portfolio Holder Economic Growth</b>	839,870	811,250	(28,620)	<b>Y</b>
A new structure is planned for this service area. The budget has been set to enable the restructure to take place, however there will be a number of vacancies until the restructure is complete.					
<b>Broadband</b>	<b>Portfolio Holder Economic Growth</b>	162,380	162,380	-	<b>G</b>

PLACE & ENTERPRISE		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
No variation from budget as at Quarter 1.					
<b>Planning Policy</b>	<b>Portfolio Holder Planning and Regulation</b>	498,150	498,183	33	<b>G</b>
Minor variation from budget as at Quarter 1.					
<b>Strategic Review Officer</b>	<b>Portfolio Holder Economic Growth</b>	69,550	69,550	-	<b>G</b>
No variation from budget as at Quarter 1.					
<b>Economic Development Total</b>		<b>2,597,420</b>	<b>2,618,560</b>	<b>21,140</b>	<b>G</b>

<b>Head of Infrastructure &amp; Communities</b>	<b>Portfolio Holder Highways and Transport</b>	183,210	181,929	(1,281)	<b>Y</b>
Minor variation from budget as at Quarter 1.					
<b>Arts</b>	<b>Portfolio Holder Culture and Leisure</b>	90,430	90,166	(264)	<b>Y</b>
Minor variation from budget as at Quarter 1.					
<b>Community Working</b>	<b>Portfolio Holder Communities</b>	787,420	785,418	(2,002)	<b>Y</b>
Minor variation from budget as at Quarter 1.					
<b>Environmental Maintenance</b>	<b>Portfolio Holder Highways and Transport</b>	27,672,490	27,783,470	110,980	<b>G</b>
There are a number of areas of additional expenditure as managers respond to urgent safety related works whilst attempting to reschedule programmed maintenance to mitigate the unforeseen expenditure as far as possible.					
<b>Highways &amp; Transport</b>	<b>Portfolio Holder Highways and Transport</b>	2,841,260	3,833,940	992,680	<b>R</b>
There are a number of significant variations: £0.304m relates to an assumed saving from a Grey Fleet scheme (staff mileage and vehicles) which it is hoped will be implemented later in the year; ongoing budget pressures of £0.210m for subsidies to bus operators for current routes; and additional costs of £0.230m for concessionary fares (a Central Government initiative with uncontrollable demand), Streetworks income is projected conservatively as income is only generated when a contractor is found to be at fault. This has resulted in a further forecast overspend of £0.082m. Further to this, £0.200m additional income in car parking is yet to be achieved.					
<b>Outdoor Partnerships</b>	<b>Portfolio Holder Culture and Leisure</b>	1,340,230	1,378,797	38,567	<b>G</b>
An in-year reduction in Public Health grant funding has caused a budget variance of £40,000. Meetings are in place to work with Public Health to manage the reduction in support to Council funded services in year.					
<b>Leisure</b>	<b>Portfolio Holder Culture and Leisure</b>	3,446,980	3,486,495	39,515	<b>G</b>
Variance caused by staffing overspends at our in-house leisure facilities.					
<b>Libraries</b>	<b>Portfolio Holder Culture and Leisure</b>	3,752,900	3,836,764	83,864	<b>A</b>
There is an unachievable saving of £0.075m relating to the transfer of Shrewsbury Library and the remaining overspend relates to staffing variances across various libraries.					
<b>Locality Commissioning</b>	<b>Portfolio Holder Communities</b>	471,330	470,808	(522)	<b>Y</b>
Minor variation from budget as at Quarter 1.					
<b>Passenger Transport</b>	<b>Portfolio Holder Highways and Transport</b>	518,350	518,350	-	<b>G</b>
No variation from budget as at Quarter 1.					

PLACE & ENTERPRISE		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
<b>Visitor Economy</b>	<b>Portfolio Holder Culture and Leisure</b>	1,658,120	1,644,758	(13,362)	<b>Y</b>
Minor variation from budget as at Quarter 1.					
<b>Waste</b>	<b>Portfolio Holder Planning and Regulation</b>	33,235,300	32,968,076	(267,224)	<b>Y</b>
The forecast value of the annual reconciliation has led to a significant projected underspend. This is partly due to forecast landfill tonnage being less than budgeted for.					
<b>Infrastructure &amp; Communities Total</b>		<b>75,998,020</b>	<b>76,978,971</b>	<b>980,851</b>	<b>G</b>

PUBLIC HEALTH		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
<b>Total</b>		<b>5,528,350</b>	<b>5,429,292</b>	<b>(99,058)</b>	<b>Y</b>

<b>Coroners &amp; Bereavement</b>	<b>Portfolio Holder Health and Adult Social Care</b>	213,680	136,890	(76,790)	<b>Y</b>
Overall underspend of £0.077m due to a number of small and managed variances across the service which are not sustainable beyond the short-term, but which are not expected to impact on service delivery in 2017/18. A summary of the major variances are £0.072m projected one off saving in Coroners due to lower than expected fees and costs. Fees and Costs are dependent on the number of coroners' cases. Bereavement services showing slight underspend of £0.004m due to a number of small variances on supplies & services budgets.					
<b>Multi Agency</b>	<b>Portfolio Holder Health and Adult Social Care</b>	946,990	1,020,986	73,996	<b>A</b>
Overall overspend of £0.074m due to a number of small variances across the service which are not expected to impact on service delivery in 2017/18. A summary of the major variances are £0.038m overspend currently projected on the Links service* £0.031m projected underspend on Targeted Mental Health in Schools and Healthy Child Development Programme due to slippages in salary costs and project budgets. Shropshire Partnership £0.010m overspent as a result of unachieved 2016/17 savings carried forward, the Service are looking at ways to address this. £0.060m overspend in Community Safety, £0.048m as a result of unachieved savings for 2017/18 and the remainder as a result of lower than budgeted income recharges and higher than budgeted maintenance costs. The service are looking at ways of claiming funding towards the cost of management posts and other delivery models in order to try and achieve the required savings. *This is the healthwatch service which aims to give patients, services users, carers and the wider public a say in the way that health and social care services are run.					
<b>Public Health</b>	<b>Portfolio Holder Health and Adult Social Care</b>	92,700	92,701	1	<b>G</b>
The ring-fenced element of Public Health has achieved all required savings as per the Financial Strategy, however the projected draw from the ring-fenced Public Health reserve is £0.186m, as this year's Public Health grant is not sufficient to cover the projected in-year costs. Public Health is working on a number of savings initiatives in order to bring the overall cost of the ring-fenced services down to within available funds in future years. Further grant cuts for 2018/19 and 2019/20 are being planned for.					
<b>Public Protection</b>	<b>Portfolio Holder Health and Adult Social Care</b>	4,070,030	4,042,136	(27,894)	<b>Y</b>
Overall underspend of £0.028m due to a number of small and managed variances across the service which are not sustainable beyond the short-term, but which are not expected to impact on service delivery in 2017/18. The underspends are mainly as a result of slippage on salary costs and small underspends on supplies & services budgets such as equipment maintenance.					
<b>Registrars</b>	<b>Portfolio Holder Health and Adult Social Care</b>	204,950	136,579	(68,371)	<b>Y</b>
Overall underspend of £0.068m which may not be sustainable beyond the short-term, but which are not expected to impact on service delivery in 2017/18. Underspends are the result of higher than expected projected income from sources such as registration fees and advanced ceremony bookings.					

RESOURCES & SUPPORT	Full year			RAGY
	Budget	Forecast	Variance	
	£	£	£	
<b>Total</b>	<b>3,513,880</b>	<b>4,539,926</b>	<b>1,026,046</b>	<b>R</b>

Customer Involvement	Portfolio Holder Corporate Support	479,710	1,424,375	944,665	R
<p>The total over spend of £0.945m across Customer Involvement is mainly due to known budget pressures within IT Services. Of these £0.655m relates to ongoing budget pressures against corporate licensing, support and maintenance contracts, and shortfalls of £0.083m in the achievement of incomes targets within Print Services.</p> <p>There are outstanding historic savings targets of £ 0.120m regarding the Lync telephony systems, these should be either partly or fully delivered by 2018/19. Other historic savings of £0.041m are not able to be delivered against the MFD Fleet, but alternatives are being investigated.</p> <p>Savings targets set against the redesign of Customer Access Services of £0.223m are unlikely to be fully achieved in year, a restructure of the service is planned in year, which should deliver part of the saving ongoing from 2018/19.</p> <p>The outstanding saving of £0.057m regarding the Credit Union is planned to be achieved over a 3 year period.</p> <p>To offset the known pressures in year savings of £0.139m have been identified so far relating to staffing efficiencies and contract management, further one off savings and service improvements will be identified in year to partly offset the unachieved savings and budget pressures identified above.</p>					
Finance, Governance & Assurance	Portfolio Holder Finance	1,587,790	1,825,613	237,823	R
<p>The over spend of £0.238m within Finance, Governance &amp; Assurance is mainly due to budget pressures within Revenues and Benefits of £0.200m relating to unachieved red savings, combined with £0.205m due to additional staffing expenditure in order to meet service requirements. These pressures have been partly offset by in year savings of -£0.151m, these savings are all considered to be one off and have arisen from a combination of vacancy management and restructuring services. Small variances within Audit, Treasury and Risk contribute £0.020m.</p>					
Human Resources & Development	Portfolio Holder Corporate Support	128,020	71,311	(56,709)	Y
<p>Overall there is a forecast underspend within Human Resources &amp; Development of £0.057m. Overspends have been identified within Employment Services of £0.018m and Human Resources Advice Team of £0.041m which are mainly due to increased staffing costs, these are currently being offset by additional income identified within Occupational Health of (£0.014) and from vacancy efficiencies within Business Partner Team (£0.046m),</p>					

RESOURCES & SUPPORT	Full year			RAGY
	Budget	Forecast	Variance	
	£	£	£	
<b>Total</b>	<b>3,513,880</b>	<b>4,539,926</b>	<b>1,026,046</b>	<b>R</b>

Business Design (£0.020m) and Communications Team (£0.035m).					
<b>Legal, Democratic &amp; Strategy</b>	<b>Portfolio Holder Corporate Support</b>	1,263,610	1,182,188	(81,422)	<b>Y</b>
<p>Legal, Democratic &amp; Strategy are currently forecast to be underspent by £0.081m. This will be achieved from a combination of planned vacancy Management and efficiencies in supplies and services within Committee Services of £0.029m and Legal Services £0.099m these are partly being offset by outstanding savings target due to lost income and increased legal disbursements for 2017/18 within Legal Services of £0.053m. It has been identified that these budget pressures are likely to be ongoing, and how these will be managed in future years is currently being reviewed. There are various small under spends against supplies and services across Legal &amp; Democratic Services totalling £0.006m.</p>					
<b>Strategic Management Board</b>	<b>Portfolio Holder Strategy</b>	54,750	36,439	(18,311)	<b>Y</b>
Minor variation from budget as at Quarter 1.					

CORPORATE	Full year			RAGY
	Budget	Forecast	Variance	
	£	£	£	
<b>Total</b>	<b>(25,305,050)</b>	<b>(26,483,784)</b>	<b>(1,178,734)</b>	<b>Y</b>

<b>Corporate Budgets</b>	<b>Portfolio Holder Finance</b>	<b>(25,305,050)</b>	<b>(26,483,784)</b>	<b>(1,178,734)</b>	<b>Y</b>
<p>The underspend within Corporate Budgets has resulted from an in year review of existing Corporate Budgets, this has identified £0.800m held but not fully committed in the current financial year and has been made available to resolve on a one off basis existing pressures in year such as delays in the achievement of savings within other services.</p> <p>A reduction in MRP requirements has been identified in year of £0.417m, alongside savings relating to Non-distributable cost of £0.064m, and other general corporate expenditure budgets of £0.033m. In year pressures have been identified of £0.131m relating to the reduced trading surplus from West Mercia Energy, and £0.032m in reduced Education Support Grant which is being funded from corporate budget.</p>					

**Appendix 2: Amendments to Original Revenue Budget 2017/18**

	<b>Total £'000</b>	<b>Adult Services £'000</b>	<b>Children's Services £'000</b>	<b>Place &amp; Enterprise £'000</b>	<b>Public Health £'000</b>	<b>Resources &amp; Support £'000</b>	<b>Corporate £'000</b>
Original Budget as agreed by Council	<b>206,073</b>	91,976	47,528	82,733	5,600	3,511	<b>(25,275)</b>
<b>Quarter 1</b>							
National Minimum Wage and National Living wage budget allocation	-	11	2	13	1	3	<b>(30)</b>
Transfer of posts between Business Development & Improvement and Planning	-			73	<b>(73)</b>		
<b>Revised Budget</b>	<b>206,073</b>	<b>91,987</b>	<b>47,530</b>	<b>82,819</b>	<b>5,528</b>	<b>3,514</b>	<b>(25,305)</b>

**Details of virements over £140,000 and below £500,000 to Cabinet for information**

Quarter 1: none.

**Proposed virements between £500,000 and £1m for Cabinet approval****Proposed Transfer of the Remaining Elements of the Education Services Grant Budget from Corporate Budgets to Learning and Skills**

Historically, the Education Services Grant has always been non-ringfenced and has been received into the Council's Corporate budget to support the Council's core expenditure. However, the Education Services Grant in its historical non-ringfenced form no longer exists, as the 'general duties' element of the grant has been removed as part of the Department for Education's national review of school funding. Changes to the Education Services Grant funding were first highlighted in the Government's 2015 Spending Review announcement, during which the Government's intention to achieve savings of £600m from the removal of Education Services Grant general rate funding to local authorities and academies by 2019/20 were set out.

With the exclusion of £611,016 that has been received this year as one-off funding for general duties, the remaining elements of the grant that have been received this year have been ring-fenced for specific purposes. From 1<sup>st</sup> April 2017, £570,000 of the retained duties element of the grant has been rolled into the central schools block of Dedicated Schools Grant, and £212,940 has been received in the form of a completely new grant specific to Education Improvement Services. It is therefore proposed that the budget total of the £570,000 and £212,940 ring-fenced and ongoing elements of the Education Services Grant is vired from the Corporate budget into Learning and Skills. This will have no effect on the Council's budget monitoring position, but will simply correct Learning and Skills' budget to include £782,940 ring-fenced grant income, which will be removed from the Corporate budget.