

FINANCIAL MONITORING REPORT – QUARTER 3 2018/19

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1. Summary

- 1.1 The report sets out the projected revenue expenditure for the whole of 2018/19 as at Quarter 3, and for capital sets out the expenditure up to the end of Quarter 3. For capital, any budget increases and decreases and any re-profiling of budgets between 2018/19 and future years are also set out for decision making.
- 1.2 The revenue monitoring within this report is based on financial information held for the first nine months of the year, extrapolated to year end to produce an estimated outturn position. As the year progresses and further financial information becomes available, the quality of the estimates used within this report are expected to increase.
- 1.3 Variances in the overall projected position for the Council do not yet reflect all management action that can be taken over the remaining months of the financial year. Management action identified at Period 6 to reduce the projected overspend is working and this has reduced the projected overspend to £0.072m. The management action taken at Period 6 included a number of short term savings proposals to bring the budget into balance for this financial year, including proposals such as a spending freeze and use of grant monies. Where possible, these actions will be continued in following years, but in other cases the impact of the reductions can only be considered a short-term measure.
- 1.4 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 detail is provided in the report below). As at Quarter 3, evidence suggests that of the £15.541m of proposals to be delivered in 2018/19, £10.952m are rated as green – with a high degree of certainty of being delivered.
- 1.5 The Quarter 3 position indicates that £3.333m of the £15.541m savings planned are categorised as red, and further work is required within service areas to ensure that the total value of savings proposals is fully deliverable within the financial year. Furthermore, additional ongoing service pressures totalling a net value of £6.248m are being highlighted, which services will need to address alongside delivering their savings. These pressures have been partially offset by the identification of a number of one off savings in year.

- 1.6 The key issues highlighted by this report are that:
- The projected revenue outturn is an overspend of £0.072m.
 - The projected General Fund balance as at 31 March 2019 is £15.344m, which is below the recommended level.
 - The projected capital outturn is £65.856m, in line with the current budget. This follows a net budget decrease of £6.866m in Quarter 3.
 - Current capital expenditure of £28.961m, representing 44% of the budget at Quarter 3, with 75% of the year elapsed.
 - In 2019/20 and 2020/21 capital receipts are currently projected to be lower than those required for the programme to values of £6.721m and £8.928m respectively. Therefore, urgent action is required to progress further disposals identified in both the current and future years.

2. Recommendations

It is recommended that Members:

- A. Note that at the end of Quarter 3 (31st December 2018), the full year revenue forecast is a potential overspend of £0.072m;
- B. Consider the impact of this on the Council's General Fund balance.
- C. Approve net budget variations of £6.866m to the 2018/19 capital programme, detailed in Appendix 3/Table 6, and the re-profiled 2018/19 capital budget of £65.856m.
- D. Accept the capital expenditure to date of £28.961m, representing 44% of the revised capital budget for 2018/19, with 75% of the year having elapsed.
- E. Approve that Shropshire Council act as accountable body on behalf of the Shropshire & Telford & Wrekin One Public Estate programme.

REPORT

3. Background

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

- 3.3 In addition, given the level of savings proposals identified for delivery in 2018/19, 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

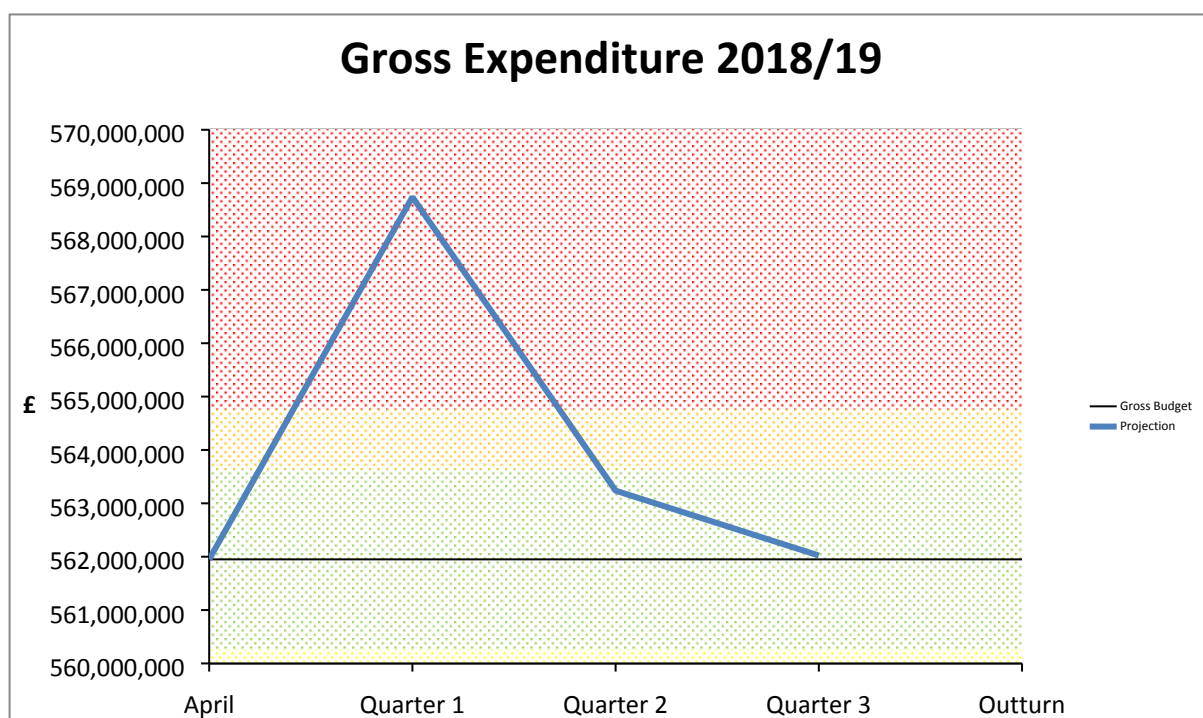
Red – Saving not achieved or unachievable

- 3.4 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 2018/19 Budget - Overall Position

- 4.1 The projected revenue forecast for the year at Quarter 3, shows a potential overspend of £0.072m (0.01%) on a gross budget of £561.950m (net £208.768m). The forecast year end position for the Council is revised each Quarter (monthly for Directors) 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 £0.072m is falling within the green banding as shown in Graph 1 below.

Graph 1: Projected Outturn Variance to Gross Budget



- 4.2 The projected overspend of £0.072m for 2018/19 is presented below and analysed in more detail within Appendix 1.

Table 1: 2018/19 Projected Budget Variations Analysed by Service Area

Service Area	Revised Budget £'000	Forecast Outturn £'000	(Under) / Overspend £'000	RAGY Classification
Adult Services	98,509	99,073	564	G
Central DSG	-	167	167	R
Children's Services	49,844	53,654	3,810	R
Commercial Services	1,253	1,407	153	R
Corporate Budgets	(30,685)	(33,469)	(2,783)	Y
Finance, Governance & Assurance	2,156	1,248	(908)	Y
Legal & Democratic Services	661	567	(94)	Y
Place	82,173	82,020	(153)	Y
Public Health	4,627	4,565	(62)	Y
Strategic Management Board	30	(185)	(215)	Y
Workforce & Transformation	201	(206)	(407)	Y
Total	208,769	208,841	72	G

4.3 At Quarter 2, a projected outturn variance of £1.287m was reported following the implementation of proposed management action. The Quarter 3 projected position for service areas reflects a reduction in projected net expenditure of £1.214m. This is predominantly for the following reasons:

- 2018/19 savings plans have been agreed by Council on 13th December 2018 in order to fund the part year implementation of the changes to the pay and reward scheme. This has enabled the delivery of the savings to be factored into the projected outturn position.

5. Update on Savings Delivery

5.1 The savings projections for 2018/19 have been RAG rated in order to establish the deliverability of the savings and any potential impact on the outturn projection for the 2018/19 financial year. 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 4.3 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.

Table 2: Update on Delivery of 2018/19 Savings Proposals

Service Area	Red £'000	Amber £'000	Green £'000	Total Savings £'000
Adult Services	50	13	840	902
Central DSG	-	-	-	-
Children's Services	1,026	-	617	1,643
Commercial Services	800	1,020	1,551	3,371
Corporate Budgets	168	-	332	500
Finance, Governance and Assurance	200	-	1,200	1,400
Legal and Democratic Services	-	-	182	182
Place	-	223	5,543	5,766
Public Health	196	-	361	557
Strategic Management Board	-	-	-	-
Workforce and Transformation	893	-	327	1,220
Council	3,333	1,256	10,952	15,541

- 5.2 The figures presented above show that 70% of the 2018/19 savings required have been rated as green with a further 8% with plans in place to be delivered (rated amber). Paragraph 6.2 below provides further detail on the red savings.
- 5.3 Managers 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 savings could impact on the outturn position for 2018/19. 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.
- 5.4 Non-delivery of the amber rated savings (and no management action) would result in a projected outturn of £563.278m, which would fall within the safe zone within Graph 1, representing expenditure less than £563.636m.

Table 3: Effect of Non-Delivery of Amber Savings in 2018/19

	Quarter 3 Projected Variance £'000	Amber Savings £'000	Potential Outturn if Amber Savings not Achieved £'000
Adult Services	564	13	577
Central DSG	167	-	167
Children's Services	3,810	-	3,810
Commercial Services	153	1,020	1,173
Corporate Budgets	(2,783)	-	(2,783)
Finance, Governance & Assurance	(908)	-	(908)
Legal & Democratic Services	(94)	-	(94)
Place	(153)	223	70
Public Health	(62)	-	(62)
Strategic Management Board	(215)	-	(215)
Workforce & Transformation	(407)	-	(407)
Total	72	1,256	1,328

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 2018/19 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	Savings Pressure in 2018/19	Ongoing Monitoring Pressures Identified	Ongoing Monitoring Savings Identified	One Off Monitoring Pressures Identified	One Off Monitoring Savings Identified
	£000	£000	£000	£000	£000	£000
Adult Services Business Support & Development	(448)	-	-	(50)	-	(398)
Provider Services	(41)	-	213	-	-	(254)
Social Care Operations	1,103	50	1,922	-	158	(1,027)
Adult Services Management	51	-	-	-	51	-
Housing Services	(101)	-	-	-	-	(101)
Adult Services	564	50	2,135	(50)	209	(1,780)
Central DSG	167	-	167	-	-	-
Central DSG	167	-	167	-	-	-
Learning & Skills	878	596	215	-	161	(94)
Children's Social Care & Safeguarding	2,610	430	1,065	-	2,011	(896)
Early Help, Partnerships and Commissioning	321	-	395	-	-	(74)
Children's Services Management	1	-	-	-	1	-
Children's Services	3,810	1,026	1,675	-	1,523	(1,032)
Corporate Landlord	(762)	-	541	-	-	(1,303)
Strategic Asset Management	247	300	-	-	-	(53)
Property Services	169	-	327	-	-	(158)
Shire Services	-	-	-	-	-	-
Head of Commercial Services	499	500	-	-	-	(1)
Commercial Services	153	800	868	-	-	(1,515)
Corporate Budgets	(2,783)	168	-	-	2,071	(5,022)
Corporate Budgets	(2,783)	168	-	-	2,071	(5,022)
Finance, Governance & Assurance	(920)	200	328	-	267	(1,715)
Commissioning Development & Procurement	12	-	16	-	-	(4)
Finance, Governance and Assurance	(908)	200	344	-	267	(1,719)
Legal & Democratic Services	(94)	-	-	-	249	(343)
Legal and Democratic Services	(94)	-	-	-	249	(343)
Director of Place	(38)	-	-	-	-	(38)
Economic Growth	141	-	-	-	153	(141)
Infrastructure & Communities	(256)	-	831	(56)	571	(256)
Place	(153)	-	831	(56)	724	(153)
Public Health - Ring Fenced	-	56	-	-	-	(56)
Public Health - Non Ring Fenced	(62)	141	128	-	96	(427)
Public Health	(62)	196	128	-	96	(482)
Strategic Management Board	(215)	-	-	-	-	(215)
Strategic Management Board	(215)	-	-	-	-	(215)
Technology & Communications	(787)	43	100	-	260	(1,190)
ICT Digital Transformation	830	830	-	-	-	-
Human Resources & Development	(400)	20	-	-	15	(435)
Information, Intelligence & Insight	(50)	-	-	-	-	(50)
Workforce and Transformation	(407)	893	100	-	275	(1,675)
TOTAL	72	3,333	6,248	(106)	6,064	(15,467)

6.2 The 2018/19 savings projected not to be delivered within the Quarter 3 position relate to:

- Use of capital funding to reduce the cost of high cost adult social care placements
- Reduced provision of home to school transport, and reduced costs of safeguarding placements, within Children's Services
- Efficiencies within administrative buildings and reduced income from the shopping centres within Commercial Services
- Increased treasury management income within Corporate Budgets
- Reduced maintenance of closed churchyards, innovation within Help2Change and reduced posts within Regulatory Services, within Public Health
- Redesign of the Council's single front door, and the voluntary redundancy programme, within Workforce and Transformation.

More detail on these is provided within the relevant service sections of Appendix 1.

6.3 Other ongoing pressures include:

- increased purchasing pressures, and a projected reduction in joint funded placement income from Shropshire CCG, within adult social care;
- increased expenditure within the High Needs Block of Central DSG
- loss of income, notably DSG, within Learning and Skills
- increased numbers and complexity of residential and foster placements, and increased agency costs, within Children's Safeguarding
- unachieved savings carried forward from previous years relating to Family Hubs, within Early Help, Partnerships and Commissioning
- increased property costs within Corporate Landlord
- reduced income within Property Services.
- increased agency staff and postage costs within Revenues and Benefits within Finance, Governance and Assurance
- increased costs of concessionary fares and increased street lighting energy costs within Infrastructure and Communities
- reduced income within Community Safety.
- reduction in SLA income, and unfunded expenditure relating to Credit Union, within Technology and Communications

Some ongoing savings have been identified to mitigate these pressures, but these equate to approximately 2% of the level of the pressures. Therefore, significant 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, leading to an increase in the funding gap.

7. General Fund Balance

7.1. The effect on the Council's reserves of the outturn forecast is detailed below. The Council's policy on reserve balances is to have a General Fund balance (excluding schools balances) of between 0.5% and 2% of the gross revenue

budget. For 2018/19 the minimum balance required would therefore be £2.810m, although this is no longer considered to be an acceptable guide.

- 7.2. The more appropriate risk based target balance for the General Fund, as calculated in the Robustness of Estimates and Adequacy of Reserves 2017-23, reported to Council on 14th February 2018, is £17.081m in 2018/19, rising to £18.830m in 2019/20 and to £40.037m by 2022/23. These figures were significantly increased within the review, reflecting the remaining funding gap in these years as set out in the Financial Strategy, and the significant level of risk associated with the uncertainty over a number of funding sources that have not yet been confirmed as part of the multi-year settlement that the Council has signed up to. At the time of the report it was noted that the projected balance of the General Fund would be below £17.081m during 2018/19.
- 7.3. The Council has received notification that it will receive one off funding in 2018/19 to fund any cost implication arising from Brexit of £0.105m. This has been contributed to the General Fund Balance as shown in table 5 below as any residual costs arising from Brexit will have to be found from the General Fund Balance.
- 7.4. Based on the current monitoring position the General Fund balance would be significantly below the required risk assessed target, as shown in table 5 below.

Table 5: Projected General Fund Balance as at 31 March 2019

	£'000
General Fund Balance as at 31 March 2018	15,311
One off Brexit Funding for 2018/19	105
This Report – Projected Outturn	
Under/(Over)spend	(72)
Projected Balance at 31 March 2019	15,344

8. Movement in Capital Programme for 2018/19

- 8.1 The capital budget for 2018/19 is subject to a review of the position of all projects during Q3 and re-profiling where required into future years. In Quarter 3 there has been a net budget decrease of £6.866m for 2018/19, compared to the position reported at Quarter 2 2018/19. Table 6 summarises the overall movement, between that already approved, changes for Quarter 3 and the programme financing.

Table 6: Revised Capital Programme Quarter 3 2018/19

Detail	Agreed Capital Programme - Council 23/02/18	Budget Changes Approved Quarter 2 2018/19	Quarter 3 Budget Changes to be Approved	Revised 2018/19 Capital Programme Quarter 3
General Fund				
Place & Enterprise	31,151,398	13,111,357	(3,356,127)	40,906,628
Adult Services	1,509,968	4,329,513	(1,900,000)	3,939,481
Public Health	300,000	146,592	(230,000)	216,592
Childrens Services	9,210,167	(1,527,786)	(1,091,409)	6,590,972
Resources & Support	6,060,200	98,759	-	6,158,959
Total General Fund	48,231,733	16,158,435	(6,577,536)	57,812,632
Housing Revenue Account	5,166,075	3,165,724	(288,731)	8,043,068
Total Approved Budget	53,397,808	19,324,159	(6,866,267)	65,855,700
Financing				
Self Financed Prudential Borrowing	8,197,000	(1,486,239)	-	6,710,761
Government Grants	28,969,300	13,068,499	(1,701,417)	40,336,382
Other Grants	2,541	1,020,479	-	1,023,020
Other Contributions	207,699	2,289,422	743,800	3,240,921
Revenue Contributions to Capital	-	2,096,291	(1,203,400)	892,891
Major Repairs Allowance	4,526,210	1,944,474	(140,000)	6,330,684
Corporate Resources (expectation - Capital Receipts only)	11,495,058	391,233	(4,565,250)	7,321,041
Total Confirmed Funding	53,397,808	19,324,159	(6,866,267)	65,855,700

8.2 Within the financing of the Capital Programme £0.893m is funded from revenue contributions. The major areas of revenue contributions to capital are £0.677m in ringfenced HRA monies to undertake major housing stock repairs and new build schemes and £0.134m for Outdoor Partnerships schemes, primarily Severn Valley Country Park RPA Extension.

8.3 Full details of all budget changes are provided in Appendix 2 to this report. Significant budget changes across the life of the programme in Quarter 3 are:

Budget Increases

- Additional capital grant of £7.313m awarded for Highways Maintenance in December 2018 following announcement in the Government's 2018 Autumn Budget Statement.
- One Public Estate capital grant of £0.040m for The Shirehall Renovation scheme.
- Announcement of additional Disabled Facilities Grant funding of £0.354m.
- £0.959m Section 106 Developer Contributions funding towards additional class base requirements under school place planning.
- Approval of £2.670m CIL contribution to school place planning programme.
- Additional HRA capital receipts budget of £0.260m for property acquisitions funded from Non-Poolable Disposals Fund.
- Revenue Contribution to Capital of £0.027m

Budget Decreases

- £0.063m HRA one for one capital receipts removed from capital programme.

Budget Re-profiling

- **Place & Enterprise:** re-profiling of £10.599m to future years for various schemes to reflect expected completion dates, expected expenditure and scheme delivery plans including:

- £0.150m Old Rectory, Whitchurch project;
- £3.000m Highways Maintenance additional capital grant;
- £0.180m Affordable Housing Rolling Fund;
- £0.033m Depot Redevelopment
- £0.529m Shrewsbury Integrated Transport Plan and Oxon Link Road;
- £6.607m Broadband;
- £0.100m Gypsy Transit Site.
- **Adult Services:** re-profiling to 2019/20 of £1.300m Disabled Facilities Grant and £0.800m HOLD grant.
- **Children's Services:** re-profiling of £4.331m Basic Need budgets, £0.486m Condition budgets and £0.040m unallocated Early Years Capital Grant which will not be required in 2018/19 to 2019/20.
- **Public Health:** re-profiling to 2019/20 of £0.230m Empty Property Incentive Grant.
- **HRA:** re-profiling to 2019/20 of £0.500m in relation to Phase 5 of the New Build Programme and £0.140m in relation to the Major Repairs Programme.

9. Actual versus Planned Expenditure to Date

- 9.1 The actual capital expenditure at Quarter 3 is £28.961m, which represents only 44% of the revised capital budget at Quarter 3, 75% of the year. This is low in comparison to the total budget, and also low compared with the average expenditure percentage at this period in previous years. The low percentage for actual capital expenditure is primarily due to two factors: re-profiling of £3.000m additional Highways Maintenance capital grant (not announced until December 2018) to 2019/20 to enable monies to be responsibly expended on priority schemes and several currently unspent capital grants which will be utilised during Quarter 4. All budgets are fully allocated to projects and will be monitored for levels of spend throughout the remainder of 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 budget at this point in the year, due to further re-profiling later in the year.
- 9.2 The level of spend is low across the programme in all areas. In terms of the major areas the spend position is as follows: Place & Enterprise 43% (budget £40.907m), Adult Social Care 43% (budget £3.939m), Public Health 33% (budget £0.217m), Resources & Support 35% (budget £6.159m), Children's Services 54% (budget £6.591m) and HRA Major Repairs & New Build Programme 46% (budget £8.043m).

10. Capital Receipts Position

- 10.1 The current capital programme is heavily reliant on the Council generating capital receipts to finance the capital programme. 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 7 below, summarises the current allocated and projected capital receipt position across 2018/19 to 2021/22. A RAG analysis has been applied for capital receipts projected, based on the current likelihood of generating them by the end of each financial year. Those marked as green are highly likely to be completed by the end of the financial year, amber 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 7: Projected Capital Receipts Position

Detail	2018/19 £	2019/20 £	2020/21 £	2021/22 £
Corporate Resources Allocated in Capital Programme	7,321,041	14,765,473	114,288	-
Capital Receipts used to finance redundancy costs				
To be allocated from Ring Fenced Receipts	4,272,454	7,989,688	2,557,456	-
Total Commitments	11,593,495	22,755,161	2,671,744	-
Capital Receipts in hand/projected:				
Brought Forward in hand	20,857,133	11,499,251	(6,720,910)	
Generated 2018/19 YTD	1,932,232	-	-	-
Projected - 'Green'	303,381	4,535,000	465,000	-
Total in hand/projected	23,092,746	16,034,251	(6,255,910)	-
Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward	(11,499,251)	6,720,910	8,927,654	-
Further Assets Being Considered for Disposal	953,001	3,064,544	3,400,000	-

- 10.2 Capital receipts of £20.857m were brought forward from 2017/18 and £1.932m has been generated to date in 2018/19. A further £0.303m is currently projected as 'Green' for 2018/19, which mainly relates to the sale of HRA housing stock under Right to Buy (£0.178m) and the sale of Oswestry, Holbache Road (£0.118m). Capital receipts currently projected have only fallen slightly from those reported at Quarter 2 (£0.339m) primarily because receipts from the sale of HRA housing stock under Right to Buy have reduced. Based on the revised capital programme and delivering all the receipts profiled as Green for 2018/19, the programme is affordable and there will be a balance of receipts of £11.499m to carry forward.
- 10.3 In 2019/20 and 2020/21 there are currently projected shortfalls of capital receipts of £6.721m and £8.928m respectively, which may need to be financed from Prudential Borrowing if they cannot be addressed by progressing the disposals programmed for future years. There is still a pressure, therefore, to progress the disposals programmed for future years, to ensure that 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 minimise the 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 revenue costs that are not budgeted for in the revenue financial strategy.

11. External Funding – One Public Estate

- 11.1 One Public Estate (OPE) is an initiative delivered in partnership by the Cabinet Office and the Local Government Association (LGA). It provides practical and technical support and funding to councils (now in its 7th round) to deliver ambitious service redesign and property focused programmes in collaboration with central government and other public sector partners.
- 11.2 OPE partnerships across the country have shown the value of working together across the public sector and taking a strategic approach to asset management. At its heart, the programme is about getting more from our collective assets – whether that's catalysing major service transformation such as health and social care integration and benefits reform, unlocking land for new homes and commercial space, or creating new opportunities to save on running costs or generate income.
- 11.3 The four core objectives of the programme are:
 - Creating economic growth (new homes and jobs)
 - More integrate, customer-focused services
 - Generating capital receipts
 - Reducing running costs
- 11.4 Following a meeting of Cabinet and partners in 25th January 2016 a Shadow Assets Board of all key partners was formed and a terms of reference for a Shropshire & Telford Estates Partnership agreed.
- 11.5 On the 21st April 2016 the LGA invited new authorities to apply for funding from the OPE programme. Following a meeting of partners on 29th April it was agreed that Shropshire Council would act as lead local partner.
- 11.6 Shropshire Council chairs the Shropshire & Telford One Public Estate Partnership. Shropshire Council acts as the lead authority and accountable body for the Partnership.
- 11.7 At the meeting on 8 June 2016, Cabinet approved the preparation and submission of a Delivery Plan co-ordinated by Shropshire Council; detailing project bids for grant funding of up to the value of £550,000. Between Dec 2016 and Dec 2017, the OPE Partnership were successfully awarded a total of £260,000 of grant funding; to support both Programme Management and Project Feasibility work.
- 11.8 The 7th round of OPE funding was launched in the Autumn of 2018. The OPE Partnership has submitted an ambitious grant funding bid of £710,000 to the Local Government Association to support the next phase of our OPE Partnership projects. The outcome of this bidding round is expected in Feb 2019. This funding incorporates £70,000 towards the costs of programme management which would include the costs of the Council acting as the accountable body.
- 11.9 There is no clawback of grant monies where it is agreed that a project cannot go forward. The main risk surrounding the project is the reputational damage of

not delivering funded projects and this is mitigated by having clear governance and risk registers for each project.

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

Financial Strategy 2018/19-2022/23

Financial Rules

Appendices

1. Service Area Pressures and Actions 2018/19
2. Amendments to Original Revenue Budget 2018/19
3. Capital Budget and Expenditure 2018/19

Appendix 1

Service Area Pressures and Actions 2018/19Summary

Directorate	Budget £	Forecast £	Variance £	RAGBY
Adult Services	98,509,170	99,073,256	564,086	G
Central DSG	-	166,752	166,752	R
Children's Services	49,843,670	53,654,055	3,810,385	R
Commercial Services	1,253,070	1,406,538	153,468	R
Corporate Budgets	(30,685,450)	(33,468,732)	(2,783,282)	Y
Finance, Governance & Assurance	2,156,080	1,248,129	(907,951)	Y
Legal & Democratic Services	661,250	566,770	(94,480)	Y
Place	82,173,400	82,019,935	(153,465)	Y
Public Health	4,626,980	4,565,308	(61,672)	Y
Strategic Management Board	29,950	(184,793)	(214,743)	Y
Workforce & Transformation	200,600	(206,319)	(406,919)	Y
TOTAL	208,768,720	208,840,899	72,179	G

Detail

ADULT SERVICES	Full year			RAGY
	Budget	Forecast	Variance	
	£	£	£	
Total	98,509,170	99,073,256	564,086	G

Adult Services Business Support & Development	Portfolio Holder Health & Adult Social Care	3,513,230	3,064,759	(448,471)	Y
<p>There is an underspend within Business Support and Development of (£0.448m) which is largely due to one-off reserves being retrospectively applied and a number of managed variances across the service. The vacancies are not sustainable beyond the short-term, but are not expected to impact on service delivery in 2018/19. A summary of the major variances are as follows:</p> <ul style="list-style-type: none"> • (£0.053m) projected underspend on Business Support staffing and costs associated with the posts, due to delays in appointing to vacant posts. • (£0.115m) projected underspend on Joint Training and the Professional Development Unit of which (£0.065m) relates to delays in appointing to vacant posts and the remaining (£0.050m) is an underspend on the delivery of training. • (£0.228m) is the application of Syrian refugee reserves that have been drawn down earlier than anticipated to retrospectively cover related expenditure that was originally covered by base budget. • (£0.052m) projected underspend/increased sales on Welfare to Work initiatives. (£0.050m) of this relates to a saving brought forward from 2019/20. 					
Provider Services	Portfolio Holder Health & Adult Social Care	5,460,120	5,419,297	(40,823)	Y
<p>There is a projected underspend within Provider Services of (£0.041m) which is due to a number of variances across the service which are not sustainable beyond the short-term, but which are not expected to impact on service delivery in 2018/19. The major variances are as follows:</p> <ul style="list-style-type: none"> • (£0.023m) projected underspend relating to preventative services contracts 					

ADULT SERVICES		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
<ul style="list-style-type: none"> • (£0.177m) projected underspend across all Day Services. (£0.096m) is due to a Management restructure and in year vacancies. (£0.040m) is due to variances in working budgets such as transport recharges, office costs, equipment and furniture replacement and the remaining (£0.040m) is due to an overachievement of day centre income due to overachievement of Pool Hire income and additional health funded clients, this additional funding / income is not sustainable in the longer term, • £0.190m projected on-going overspend relating to Four Rivers Nursing Home, due to higher than budgeted staff costs, including agency, and reduced income from Health partners and a smaller number of self-funded clients • (£0.031m) projected underspend relating to the Start team, due to staff vacancies in the North of the county 					
Social Care Operations	Portfolio Holder Health & Adult Social Care	82,122,290	83,225,860	1,103,570	A
<p>An overspend of (£1.103m) is forecast within the Social Care Operations section of Adult Services. To date in 2018/19 we have seen approximately 1,638 new clients since 1st April, costing in the region of £11.498m for this financial year. Some of this additional cost has been offset by people leaving the system and through the review of existing care packages to reduce care where suitable. The major variances are as follows:</p> <ul style="list-style-type: none"> • (£0.537m) projected underspend within Assistive Services, which is in relation to the purchasing of occupational therapy equipment. It has been agreed that all equipment will be funded from Disabled Facilities Grant which sits under Shropshire Council's capital scheme • £0.060m projected overspend on transport costs • £0.097m projected overspend on property costs within Supported Living accommodation • £2.914m projected overspend on the net cost of purchasing. The growth model was re-run in June which increased the purchasing projections. There are still concerns over whether this new growth model is sufficiently estimating costs going forward. Small percentage differences in numbers and cost have a large impact on the outturn position. • (£0.678m) one-off use of improved Better Care Fund (iBCF) monies. • (£0.753m) projected underspend on all operational social work staffing due to delays in appointing to a number of staff vacancies 					
Adult Services Management	Portfolio Holder Health & Adult Social Care	2,794,980	2,846,098	51,118	A
There is an overall overspend of £0.051m due to one-off contract spend.					
Housing Services	Portfolio Holder Health & Adult Social Care	4,618,550	4,517,242	(101,308)	Y
<p>There is a projected underspend of (£0.101m) across housing services mainly due to a number of non-sustainable staffing vacancies. A summary of the major variances is as follows:</p> <ul style="list-style-type: none"> • (£0.223) projected underspend across Housing staffing budgets to include supplies and services budgets. • £0.159m projected overspend on temporary accommodation due to large repair and maintenance works on dilapidated properties • (£0.037m) projected underspend on preventative spend on temporary accommodation for the homeless 					

CENTRAL DSG		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Central DSG	Portfolio Holder Children's & Young People	0	166,752	166,752	R
<p>On 16th December, the Education Secretary announced an additional £250m High Needs funding nationally across the two financial years, 2018/19 and 2019/20. The additional funding has been allocated on the basis of Office for National Statistics projections for the 2 to 18 year old population in each local authority. For Shropshire, this has meant an allocation of £0.627m in each financial year in addition to the allocation arrived at through the High Needs national funding formula. In 2018/19 this has had the effect of reducing the reported projected overspend in the previous Financial Monitoring Report.</p> <p>There is a forecast overspend of £0.698m against the Central DSG budget. £0.531m of this overspend could be funded by the balance of DSG funding carried forward from 2017/18, however that leaves a projected deficit of £0.167m.</p> <p>The forecast overspend relates to the High Needs Block of DSG where the projected expenditure is £0.698m higher than the budgeted centrally controlled High Needs Block of DSG of £19.164m. The budget pressures relate to top-up funding to mainstream settings (£0.682m) and independent special school placements (£0.733m). These two areas of budget pressure are offset by the additional high needs funding of £0.627m.</p> <p>The overspend on independent special school placements mirrors the national picture being reported by the f40 group of local authorities during a recent survey of high needs costs pressures. The responses concluded increasing demand for independent special school placements, and higher contributions from education towards joint social care placements signalling increasing complexity of children's needs.</p>					

CHILDREN'S SERVICES		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Total		49,843,670	53,654,056	3,810,386	R

Learning & Skills	Portfolio Holder Children's & Young People	19,511,000	20,389,302	878,302	R
<p>The latest monitoring position reflects unachieved 2018/19 savings of £0.596m relates to the Home to School Transport budget where the 2018/19 savings target is subject to a home to school transport policy review. A paper is being drafted to present various savings opportunities, their value and timeline for their achievement given that some strategies will require extensive consultation and a Cabinet decision. Some strategies, if implemented would need to be on a phased approach. There is a realistic plan for these savings to be delivered in 2019/20.</p> <p>As well as unachieved savings targets, Learning and Skills' forecast overspend results from reductions in Central Government grants. Although some growth was built into the 2018/19 budget to negate for most of the loss of grant, £0.194m remains as an ongoing pressure and relates specifically to the loss of Dedicated Schools Grant funding. This was 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, but that fund statutory functions that the Council is required to undertake.</p> <p>There is also an ongoing budget pressure in Governor Services. Reduced SLA income is anticipated and there is likely to be a downward trend in income as the demand for traditional Governor support services has started to reduce as schools have federated under one governing body, while others join multi-academy trusts (MATs). This shortfall in income has been largely managed in year through one-off vacancy management savings while the service reviews its offer to schools. The net forecast overspend or ongoing pressure is £0.021m. Additionally, there is a forecast overspend of £0.064m in Home to School Transport as a consequence of an increase in the Special Education Needs cohort.</p>					

CHILDREN'S SERVICES		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
An overspend of £0.036m relates to traded services that have ceased at the end of the 2017-18 Summer Term. The traded income that has been received for the Summer Term has been less than the costs of providing these traded services for the same period. This is a one-off monitoring pressure since no costs will be incurred in 2019/20. The cost pressures above are partially offset by one-off underspends totalling £0.033m where services are carrying temporary vacancies.					
Children's Social Care & Safeguarding	Portfolio Holder Children's & Young People	27,430,050	30,040,491	2,610,441	R
A projected unachieved 2018/19 savings target around reductions to external placement costs accounts for £0.430m of the £2.610m projected overspend.					
<p>Firstly, Children's Safeguarding are committed to increasing foster placement sufficiency so that the Council can care for more looked after children within a family environment. This is not only in the best interests of the majority of looked after children but will lead to significant financial savings. The aim is to increase the pool of foster carers and look to identify and support foster carers with looking after more complex children. This will reduce demand for expensive residential provision. In addition to this, a strategy to develop additional in-house residential provision has been being explored with a view that internal provision could deliver savings through supporting a few of the most complex children at a lower cost than the market rate. This residential work is being prioritised at a senior level and agreement has been sought to appoint a Project Manager to ensure that this strategy is implemented as soon as possible. Due to the longer term nature of these strategies, it is anticipated that the £0.430m will not be achieved in this financial year. The placements savings target of £0.430m no longer forms part of the Council's savings targets in the latest financial strategy, however these strategies described above will be implemented in order to manage expenditure growth in this area and address the overspend.</p> <p>Although there is a view within the service that these strategies will deliver significant savings, there are some external risk factors that may impact on these savings being achieved. These include on-going placement disruption for our most complex young people resulting in children moving from foster placements to high cost residential placements and a continued high number of children coming into care through care proceedings, evidenced by the increase in Shropshire's looked-after children (LAC) numbers from 338 on 1st April 2018 to 370 on 31st December 2018.</p> <p>Further, to the unachieved saving relating to placement costs, there is a forecast ongoing monitoring pressure of £0.914m relating to external residential care and all foster care placements. This means that the overall pressure on external residential care and all foster care placements is £1.344m. 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 increasing complexity of Shropshire's looked after children. This is reflecting the national picture with all Local Authorities reporting increasingly complex children. 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 costs can change significantly in year.</p> <p>An ongoing monitoring pressure of £0.118m relates to increased capacity built into the Children's Placement Service to enable the recruitment of more carers and retain and support current carers. A business case was approved as part of the strategy to increase foster placement sufficiency described above.</p> <p>In addition to the above there is an ongoing pressure of £0.137m relating to Unaccompanied Asylum Seeking Children (UASC). Although some growth was built in to the 2018/19 budget in anticipation of this continuing pressure from 2017/18 this has been insufficient. 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. There are 3 UASC currently in high cost residential placements which will mean an on-going cost pressure to the service in 2018/2019 however plans are in hand to reduce the cost of the high cost placements.</p>					

CHILDREN'S SERVICES		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
<p>There is an on-going budget pressure of £0.883m caused by agency staffing costs in the social work teams. This pressure has continued from previous years. It is necessary to ensure that children who are looked after, on a Child Protection Plan or in children in need of a plan are adequately supported in line with statutory timescales and this will dictate that sickness, maternity or temporary vacancy must be covered in the interim through agency staff. There is also a heavy reliance on agency social workers due to the number of social worker vacancies and the challenges in recruiting to vacant posts. To address this issue the service has appointed 11 ASYE (assessed and supported year in employment) social workers starting from September. Albeit not immediately, this should reduce this cost pressure by the end of the financial year as these staff can be given caseloads currently being covered by more expensive agency staff. The service is also considering other strategies to attract and retain social workers.</p> <p>The remaining £0.128m forecast overspend relates to one-off monitoring pressures on non-staffing budgets such as transport recharges and interpreting fees across several teams.</p> <p>The issues of rising demand for high cost residential placements and cost pressures from agency social workers are not local to Shropshire and are reflected nationally.</p>					
Early Help, Partnerships and Commissioning	Portfolio Holder Children's & Young People	2,458,970	2,780,091	321,121	R
<p>The projected overspend in Early Help is the result of an unachieved 2017/18 saving around Early Help Family Hubs that has carried forward from previous years. An Early Help Family Hubs report was approved by Cabinet on 17th January 2018 proposing to consult formally with the public, key stakeholders and staff on a new delivery model for Early Help Services. A report was presented to Cabinet at the end of September on Phase 2 of the Early Help Family Hubs strategy to feedback on the consultation around specific hub locations and seeking approval for the locations of Early Help Hubs.</p> <p>The proposed delivery model will deliver the outstanding savings totalling in Early Help by March 2019, consequently this forecast overspend is being categorised as a one-off monitoring pressure.</p>					
Children's Services Management	Portfolio Holder Children's & Young People	443,650	444,171	521	G
Minor variation from budget at Quarter 3.					

COMMERCIAL SERVICES		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Total		1,253,070	1,406,537	153,467	R

Corporate Landlord	Portfolio Holder Corporate Support	3,364,930	2,602,336	(762,594)	Y
<p>Management action was taken at period 6 to reduce the overall financial position of the Council and therefore the revenue contribution to the capital corporate landlord R&M programme was removed, to be funded via the capital programme. This decision, along with a projected drawdown of the R&M reserve to cover the in-year revenue overspend has led to a projected under-spend of £0.653m. The main pressures remaining within Corporate Landlord are a pressure of £0.098m on rent and service charge payments within the adult social care estate, and an income pressure of £0.106m for the student rent at Mardol House. The pressure within adult social care is a historic pressure that work continues on to address, the position at Mardol House is improving as student numbers increase year-on-year.</p> <p>One-off savings that have been projected this year include rates rebates (£0.210m), reduced rate liabilities due</p>					

COMMERCIAL SERVICES		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
to filling void units (£0.079m), and utilities costs projected at (£0.028m) under budget.					
Strategic Asset Management	Portfolio Holder Corporate Support	(2,109,920)	(1,862,574)	247,346	R
Vacancy management within the Strategic Asset Management teams has created a projected under-spend of £0.053m, offset by income from the Shrewsbury Shopping Centres, projected to be £2.400m for 2018/19. The £52m investment in the Shopping Centres was built in to the Minimum Revenue Provision (MRP) Policy although, in the short term the acquisition was funded from cash balances with no requirement to borrow. In the short-term the gross return on the investment significantly exceeds expectations, and this is partially due to the recent change in the Council's MRP Policy. The net overall benefit is split between the Corporate Budget (MRP) below and rental income shown here. The overall return on the Shopping Centre investment is therefore in excess of the budgeted return for 2018/19. Whilst the retail sector continues to change we are developing a proactive and strategic approach to leaseholder management.					
Property Services	Portfolio Holder Economic Growth	48,430	217,833	169,403	R
An anticipated income shortfall of £0.327m has been identified based on knowledge of works planned for this financial year and comparing with income in previous years. The service area will continue to look for commercial opportunities to bridge this gap, whilst monitoring their resources in accordance with this. Vacancy management within the year has partially offset the income pressure by (£0.132m), as well as projected savings on supplies and services budgets (£0.026m).					
Shire Services	Portfolio Holder Corporate Support	262,450	262,450	0	G
No variation from budget at Quarter 3.					
Head of Commercial Services	Portfolio Holder Economy & Growth	(312,820)	186,493	499,313	R
A £0.500m pressure has arisen following an unachieved savings target around asset rationalisation. This saving will be fully unachieved this financial year and has been removed for the 2019-20 financial year. The Head of Commercial Services has approval to appoint a dedicated investments team, and when in place this team will be focused around delivering projects that bring commercial returns to help off-set this savings target, and future ones.					

CORPORATE BUDGETS	Full year			RAGY
	Budget	Forecast	Variance	
	£	£	£	
Total	(30,685,450)	(33,468,732)	(2,783,282)	Y

Corporate Budgets	Portfolio Holder Finance	(30,685,450)	(33,468,732)	(2,783,282)	Y
<p>An underspend has been identified within Corporate Budgets due to corporate pension budgets that will be uncommitted during the year (£1.066m), and corporate inflation that was budgeted but is no longer required (£1.450m). There is also an overspend of £0.167m identified relating to partially unachieved savings targets for Treasury Management. Work is ongoing to identify how the remaining target can be met.</p> <p>Additional savings have been identified in year following a review of existing budgets, grants and reserves, a total of -£0.900m has been identified as surplus on a one off basis in 18/19.</p> <p>In year savings of (£0.076m) have been identified relating to non-distributable costs, (£0.090m) reduced expenditure on staffing and subscriptions, a further (£0.032m) from savings on estimated audit fees.</p> <p>A contribution from earmarked reserves has also been applied corporately to offset the overspend within Central DSG of £166,752.</p>					

FINANCE, GOVERNANCE & ASSURANCE	Full year			RAGY
	Budget	Forecast	Variance	
	£	£	£	
Total	2,156,080	1,248,129	(907,951)	Y

Finance, Governance & Assurance	Portfolio Holder Finance	1,967,280	1,046,598	(920,682)	Y
<p>There are projected savings relating to both vacancy and budget management within Audit and Treasury, totalling (£0.128m) and (£0.045m) respectively. These budgets have both been identified as being able to offer savings for the 2019/20 financial year. An over-spend of £0.052m within Finance is projected, due to increased system costs totalling £0.123m; a one-off necessity to manage the change of systems to the ERP which has been partially funded from a contribution from reserves of £0.062m. Vacancy management within the service area totalling (£0.083m) has in part offset this pressure. Additionally, a one-off VAT refund and a valuation review of the insurance fund have identified an in-year saving of (£0.780m).</p> <p>Revenues and Benefits is projected to deliver a variance of (£0.015m). Anticipated income of housing benefit recovery has generated a projected underspend of (£0.200m), vacancy management and savings in controllable budgets are also projected at (£0.075m) and (£0.025m). These offset the savings pressure of £0.315m in this year only but will need to be carefully managed in future years.</p>					
Commissioning Development & Procurement	Portfolio Holder Corporate Support	188,800	201,531	12,731	G
Minor variation from budget at Quarter 3.					

LEGAL & DEMOCRATIC SERVICES	Full year			RAGY
	Budget	Forecast	Variance	

	£	£	£	
Total	661,250	566,770	(94,480)	Y

Legal & Democratic Services	Portfolio Holder Corporate Support	661,250	566,770	(94,480)	Y
Increased pressures specifically relating to child care cases are projected to result in an overspend of £0.249m in this area. However, in year savings have been identified of (£0.030m). (£0.071m) relating to vacancy management efficiencies across the service with an additional saving of (£0.040m) across various supplies and services budgets. Additional income of (£0.117m) has been received in relation Parish Council elections, and a further (£0.047m) has been secured by providing election services to another local authority. Management actions from Period 6 have identified (£0.055m) across Legal and Democratic Services.					

PLACE	Full year			RAGY
	Budget	Forecast	Variance	
	£	£	£	
Total	82,173,400	82,019,936	(153,464)	Y

Director of Place	Portfolio Holder Communities, Waste & Regulatory Services	635,680	597,915	(37,765)	Y
The post was vacant since the departure of the previous post holder in April, but has since been filled, leading to an underspend against the budget.					
Director of Place Total		635,680	597,915	(37,765)	Y

Planning Services	Portfolio Holder Planning & Housing Development	1,391,260	1,532,189	140,929	R
There is reduced income from Land Charges/Searches resulting from fewer applications. In addition, there is reduced income from Planning Applications, however, further analysis in this area indicates that this is due to a small drop in large, high value applications, overall application numbers and enforcement caseloads are actually higher. And finally, there has been an increase in caseloads (enforcement/dangerous structures) for the Building Control Team.					
Economic Growth	Portfolio Holder Economy & Growth	900,130	888,325	(11,805)	Y
Minor variation from budget at Quarter 3.					
Broadband	Portfolio Holder Economy & Growth	239,180	239,180	0	G
No variation from budget at Quarter 3.					
Planning Policy	Portfolio Holder Planning & Housing Development	487,730	499,379	11,649	G
Minor variation from budget at Quarter 3.					
Head of Economic Growth	Portfolio Holder Economy & Growth	147,240	147,526	286	G
Minor variation from budget at Quarter 3.					
Economic Growth Total		3,165,540	3,306,599	141,059	R

PLACE		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Head of Infrastructure & Communities	Portfolio Holder Communities, Waste & Regulatory Services	190,900	196,235	5,335	G
Minor variation from budget at Quarter 3.					
Arts	Portfolio Holder Culture & Leisure	82,770	92,466	9,696	G
Minor variation from budget at Quarter 3.					
Community Enablement	Portfolio Holder Communities, Waste & Regulatory Services	946,790	852,479	(94,311)	Y
The underspend is due to a number of post-holders who have left through voluntary redundancy and will not be replaced.					
Environmental Maintenance	Portfolio Holder Highways & Transport	25,244,270	24,949,971	(294,299)	Y
As a consequence of the severe and prolonged winter, there have been a significant number of potholes/defects to be rectified, this had led to a requirement for additional gangs in order to remove the backlog. The forecast shown includes using £1.1m from the severe weather reserve, as agreed by Directors following the period 6 monitoring report. In addition, the increase in the cost of Street Lighting electricity has been greater than anticipated. Underspends across supplies and services have partly offset the amount drawn from the reserve.					
Highways & Transport	Portfolio Holder Highways and Transport	5,835,060	6,450,930	615,870	R
There are variances expected as the anticipated additional income from car parking will only materialise as the strategy is rolled out and income is received. The 'Grey Fleet' (Casual Car user allowance) saving has had initial trials and will be fully rolled out, however, the full saving will only be delivered when the scheme is fully implemented. There are additional costs anticipated in relation to public transport provision and concessionary fares reimbursements to bus operators. Finally, temporary staff arrangements have led to a further overspend.					
Outdoor Partnerships	Portfolio Holder Culture and Leisure	1,366,270	1,357,609	(8,661)	Y
Minor variation from budget at Quarter 3.					
Shropshire Hills AONB	Portfolio Holder Culture & Leisure	68,350	79,350	11,000	G
Minor variation from budget at Quarter 3.					
Leisure	Portfolio Holder Culture & Leisure	3,326,710	3,436,712	110,002	R
Variances include vacancy management, reduced expected income at our in-house leisure facilities, one-off equipment purchase to improve security, and a contribution for continued increased support to a facility.					
Libraries	Portfolio Holder Culture & Leisure	4,010,610	3,988,178	(22,432)	Y
Minor variation from budget at Quarter 3.					
Locality Commissioning	Portfolio Holder Communities, Waste & Regulatory Services	282,830	227,140	(55,690)	Y
A Cabinet decision earlier in the financial year has led to a reduction in the budget (£0.043m) for youth commissioning from 2018/19. Further underspends have been identified on the room hire budget for youth activities.					
Theatre Services	Portfolio Holder Culture & Leisure	376,400	152,383	(224,017)	Y
Sales at this point indicate a promising year for the Theatre.					
Museums and Archives	Portfolio Holder Culture & Leisure	1,786,160	1,774,835	(11,326)	Y

PLACE		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Minor variation from budget at Quarter 3.					
Waste Management	Portfolio Holder Communities, Waste & Regulatory Services	34,722,840	34,420,765	(302,075)	Y
An underspend in relation to the PFI contract is anticipated, due to the estimated landfill tonnage being lower than budgeted for.					
Culture and Heritage Manager	Portfolio Holder Culture & Leisure	132,220	136,369	4,149	G
Minor variation from budget at Quarter 3.					
Infrastructure & Communities Total		78,372,180	78,115,422	(256,758)	Y

PUBLIC HEALTH		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Total		4,626,980	4,565,308	(61,672)	Y
Coroners & Bereavement Services	Portfolio Holder Health & Adult Social Care	202,130	200,852	(1,278)	Y
Minor variation from budget at Quarter 3.					
Multi Agency	Portfolio Holder Health & Adult Social Care	384,010	566,507	182,497	R
Overall an overspend of £0.183m is projected due to a number of variances across the service. The major cause of this variance is a £0.191m projected overspend in Community Safety, which is as a result of unachieved savings and the cancellation of aged debtor invoices. The service is looking at ways of claiming funding towards the cost of management posts and other delivery models in order to try to achieve the required savings.					
The Links/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 has achieved savings of £0.068m; all contributions from the Council base budget have been withdrawn and the service is now funded purely from external funding.					
Savings of £0.039m on Targeted Mental Health in Schools and the Healthy Child Development Programme have been achieved through the removal of vacant posts and the reduction in scheme budgets.					
Public Health – Ring Fenced	Portfolio Holder Health & Adult Social Care	23,470	23,470	0	G
Officers within the ring fenced element of Public Health are working on a number of savings initiatives in order to bring the overall cost of the ring fenced services to within available funds in future years. These savings initiatives include increased income generation within the Help to Change service and the roll out of commercial activities such as Health TV. Currently there is a requirement for reserves to cover core budget of £0.207m in 2018/19 but the expectation is that the service will be entirely funded by grant income in 2019/20. The Public Health Grant has been cut by 2.6% in 2018/19 and is expected to be reduced by a further 2.6% in 2019/20.					
Trading Standards and Licensing	Portfolio Holder Planning & Housing Development	817,700	699,332	(118,368)	Y
An underspend of £0.118m is projected due to a number of vacant posts within the service; plans are in place to appoint to the vacant posts and therefore the underspend variance is not sustainable beyond the short term.					
Regulatory Services	Portfolio Holder Planning & Housing Development	2,963,310	2,835,109	(128,201)	Y
An underspend of £0.128m is projected due to a number of vacant posts within the service; plans are in place to appoint to the vacant posts and therefore the underspend variance is not sustainable beyond the short term.					
Registrars	Portfolio Holder Health & Adult Social Care	236,090	239,768	3,678	G
Minor variation from budget at Quarter 3.					

STRATEGIC MANAGEMENT BOARD		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Total		29,950	(184,793)	(214,743)	Y
Strategic Management Board	Leader of the Council	29,950	(184,793)	(214,743)	Y
In year efficiencies have been achieved of (£0.069m) from a combination of vacancy and budget management within the PA team, additionally one-off savings of (£0.144m) have been identified following a review of budgets and expenditure following the spend freeze.					

WORKFORCE & TRANSFORMATION		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Total		200,600	(206,319)	(406,919)	Y

Technology & Communications	Portfolio Holder Corporate Support	408,960	(378,292)	(787,252)	Y
<p>An overspend of £0.148 has been identified due to unachieved historic savings and the use of agency staff, this has been mitigated by underspends of (£0.201m) achieved in year from a combination of vacancy management, reduced spending on supplies and services, and from increased income across customer access.</p> <p>IT Services have identified in year efficiencies of (£0.194m) across vacancy management and supplies and services, in addition one off savings of (£0.688m) relating to funds held for infrastructure expenditure have been confirmed as not required in 2018/19 only.</p>					
ICT Digital Transformation	Portfolio Holder Corporate Support	(436,170)	393,830	830,000	R
<p>The savings target of £1.000m relating to Digital Transformation is expected to be partly achieved in year. Currently (£0.170m) has been identified as achievable. Potential savings relating to the provision of face to face services have been identified, but these are not able to be delivered in year and are subject to approval. Work is being undertaken to identify how the remaining target can be achieved.</p>					
Human Resources & Development	Portfolio Holder Corporate Support	183,960	(216,202)	(400,162)	Y
<p>In year savings of (£0.357m) relating to vacancy management efficiencies across all teams has been achieved. Also, some additional income generation for Occupation Health Services of (£0.010m) has been identified while income within Communications Team has not been achieved £0.015m. (£0.020m) has been identified as achievable savings within the service while (£0.020m) has been realised as part of the spending freeze.</p>					
Information, Intelligence & Insight	Portfolio Holder Corporate Support	43,850	(5,655)	(49,505)	Y
<p>Savings of (£0.050m) have been identified within year, mainly due to efficiencies within Vacancy Management.</p>					

Appendix 2: Amendments to Original Revenue Budget 2018/19

	Total	Adult Services	Children's Services	Commercial Services	Corporate Budgets	Finance, Governance and Assurance	Legal and Demographic Services	Place	Public Health	Strategic Management Board	Workforce and Transformation
Original Budget as Agreed by Council	208,768	97,846	49,628	1,021	(28,223)	1,917	579	81,500	4,888	0	(388)
Quarter 1											
Additional 1% pay award budget allocation	0	153	151	32	(740)	68	18	155	67	6	91
Movement of premises budgets between service areas and Corporate Landlord	0	(5)	(106)	123				(12)			
Transfer of posts between Highways and Transport and Trading Standards and Licensing	0							(30)	30		
Q1 Revised Budget	208,768	97,995	49,673	1,176	(28,963)	1,984	597	81,613	4,984	6	(297)
Quarter 2											
Additional pay award for employees graded SCP19 and below	0	96	16	2	(201)	7	0	51	9	0	20
Allocation of voluntary redundancy savings, following delivery	0	(18)		(66)		(25)		(30)	(15)		154
Centralisation of budgets relating to historic pension costs	0	(167)	(60)		245	(18)		(0)			
Reallocation of internal market recharges	0	45	(175)	8	0	15	3	66	16	1	21
Movement of premises budgets between service areas and Corporate Landlord	0			13				(13)			
Q2 Revised Budget	208,768	97,951	49,454	1,134	(28,919)	1,964	601	81,686	4,994	7	(103)
Quarter 3											
Implementation of Pay Policy	0	558	401	119	(2,298)	192	60	488	153	23	304
Savings to fund Pay Policy	0				520				(520)		
Correction of pay award BV in Q2	0		(11)		11						
Quarter 3 Revised Budget	208,768	98,509	49,844	1,253	(30,686)	2,156	661	82,174	4,627	30	201
Cumulative Budget Increase/(Decrease)	0	663	215	232	(2,463)	239	82	673	(261)	30	589

Details of virements over £1m, approved by Council and reported to Cabinet for information

Quarter 3:

- A virement has taken place to action the implementation of the new Pay Policy as agreed by Council on 4th July 2018. The Pay Policy was actioned in October and as a result £2.2m was reallocated across service areas.
- Funding for the pay award was formally agreed by Full Council on 13th December 2018, and as result of this, the virement has been actioned to reimburse Corporate Budgets for costs of the Pay Award.

Proposed virements between £500,000 and £1m for Cabinet approval

Quarter 3: None

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

Quarter 3: None