



Committee and Date
Cabinet
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Item

FINANCIAL MONITORING REPORT – QUARTER 2 2020/21

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1. Summary

- 1.1 The report sets out the projected revenue expenditure for the whole of 2020/21 as at Quarter 2 (Q2), and for capital sets out the expenditure up to the end of Q2. For capital, any budget increases and decreases and any re-profiling of budgets between 2020/21 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 six 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. Management action instigated as a result of the Q2 monitoring projections identified in this report will be reflected in the projected outturn reported within the Q3 Monitoring Report.
- 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 Q2, evidence suggests that of the £18.725m of proposals to be delivered in 2020/21, £8.429m are rated as green – with a high degree of certainty of being delivered.
- 1.5 The Quarter 2 monitoring position suggests that £6.689m of the £18.725m 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 £9.472m are being highlighted, which service areas will need to address alongside delivering their savings.
- 1.6 £22.410m non-ringfenced grant has been received from MHCLG to enable the Council to respond to coronavirus (Covid-19) pressures across all services. In addition to this, it is estimated that the Council may be able to claim approximately £5.184m additional un-ringfenced support from MHCLG to recompense the Council for a proportion of lost sales, fees and charges income that has not been received by the Council due to the pandemic, and also that £0.594m will be received from HMRC through the Coronavirus Job Retention Scheme. The

current estimate of additional cost pressures and loss of income to the Council as a result of Covid-19 is currently estimated at £24.511 but may increase as the year progresses. It is also estimated that there will be a further £3.310m of collection fund losses (council tax and business rate losses) in future years.

1.7 The projected revenue outturn position has deteriorated between Q1 and Q2. While many service budget positions have improved since the last quarter a significant increase in the costs of homelessness provision has been identified. This has resulted in a shortfall in Housing Subsidy which has added an estimated £1.8m in costs between Q1 and Q2. Despite this pressure, the Council's overall overspend has only increased by £0.8m.

1.8 The key issues highlighted by this report are that:

- The projected revenue outturn position is an overspend of £2.771m.
- At this level, the projected General Fund balance as at 31 March 2021 would be £10.739m, which is below the recommended level.
- There is currently no budget pressure arising in year as a result of Covid-19 but we are monitoring the position closely.
- Management action across all areas of the Council is now required to attempt to bring the budget back into balance, as far as possible.
- Without management action, there is a risk that savings proposals currently rated as "Amber" may be undelivered, which would have the effect of increasing any underlying overspend by £3.607m.
- The projected capital outturn is £99.784m, in line with the current budget. This follows a net budget decrease of £28.131m in Quarter 2.
- Current capital expenditure of £19.516m, representing 20% of the budget at Quarter 2, with 50% of the year elapsed.
- One scheme is currently forecast to outturn in excess of the approved budget and delivery is significantly behind schedule.
- In 2021/22 and 2022/23 capital receipts are currently projected to be lower than those required for the programme to value of £9.701m and £14.701m respectively. Therefore, urgent action is required to progress further disposals identified in both the current and future years.

1.9 In December 2019 Shropshire Council supported a bid for the Pocket Parks programme to help communities provide new or renovated parks. The funding is issued as a Section 31 grant and requires Shropshire Council to be the Accountable Body. Details are provided in Section 13 of this report.

2. Recommendations

It is recommended that Members:

- A. Note that at the end of Quarter 2 (30 September 2020), the full year revenue forecast is a potential overspend of £2.771m;
- B. Consider the impact of this on the Council's General Fund balance.
- C. Approve that Shropshire Council acts as Accountable Body for the Pocket Parks programme.

REPORT

3. Background

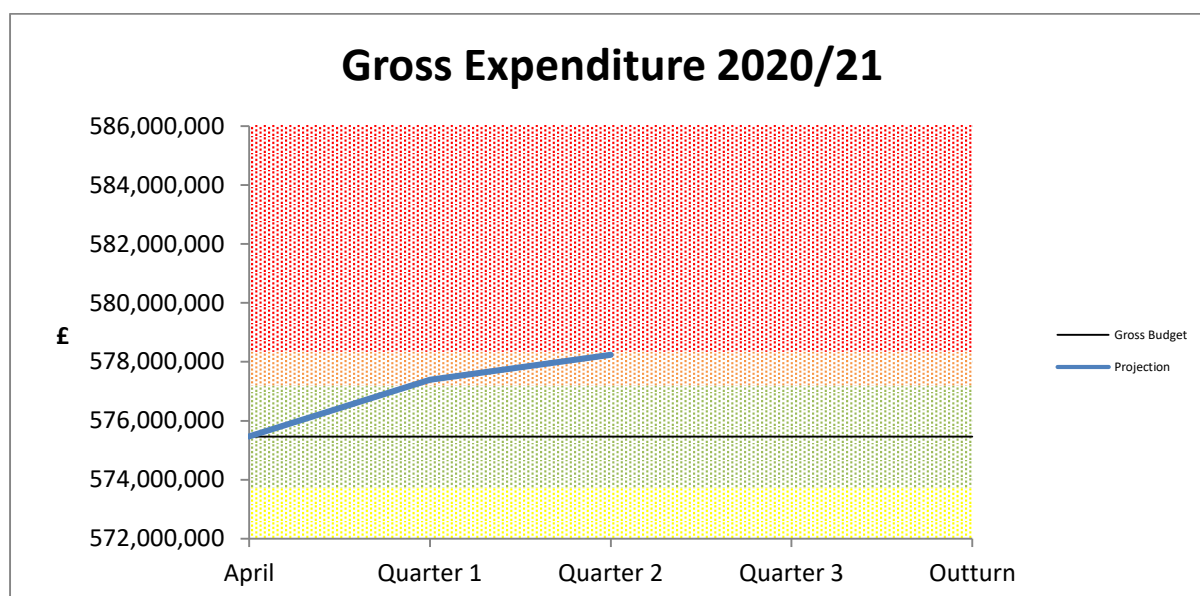
- 3.1 Budget monitoring reports are produced monthly for Senior Managers, and quarterly for Cabinet, reporting on the period from June (period 2) to February (period 11) of each financial year, highlighting the anticipated year end projection.
- 3.2 The monitoring reports track progress against agreed 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.
- 3.3 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) |
- 3.4 In addition, given the level of savings proposals identified for delivery in 2020/21, 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 2020/21 Budget - Overall Position

- 4.1 The projected revenue forecast for the year at Quarter 2, shows a potential overspend of £2.771m (0.48%) on a gross budget of £575.462m (net £225.522m). 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. However, at Quarter 2 the projected year end overspend of £2.771m is falling within the amber (danger zone) banding as shown in Graph 1 below.
- 4.2 Management action is required in order to reduce the projected year end overspend. The effect of any management decisions taken will be reflected in

future reports.

Graph 1: Projected Outturn Variance to Gross Budget



4.3 The projected overspend of £2.771m for 2020/21 is presented below and analysed in more detail within Appendix 1.

Table 1: 2020/21 Projected Budget Variations Analysed by Service Area

Service Area	Revised Budget £'000	Forecast Outturn £'000	(Under) / Overspend £'000	RAGY Classification
Adult Services	118,579	116,843	(1,736)	Y
Central DSG	-	-	-	G
Children's Services	53,015	59,667	6,652	R
Corporate Budgets	(6,358)	(16,262)	(9,904)	Y
Finance, Governance & Assurance	2,240	3,864	1,625	R
Legal & Democratic Services	453	514	60	A
Place	57,835	62,955	5,121	R
Strategic Management Board	4	(118)	(123)	Y
Workforce & Transformation	(246)	830	1,076	R
Total	225,522	228,292	2,771	A

4.4 The forecast impact of Covid-19 is included within the monitoring position. The latest estimate of additional costs for Covid-19 (including unachieved savings) is forecast to be £14.870m, with a further £9.641m net loss of income forecast, resulting in a total cost to the Council of £24.511m in 2020/21. Additional costs and loss of income are shown in the tables below within section 4.6.

4.5 £22.410m non-ringfenced Covid-19 grant has been received by the Council, and this grant income is included in the monitoring position within Corporate Budgets, along with the majority of additional one-off costs incurred, such as additional payments to adult social care providers, the purchasing of PPE, delivery of food parcels and the costs of temporary accommodation for rough

sleepers. Lost income is shown within the appropriate service areas, to show the impact of Covid-19 on the running of ongoing Council services.

- 4.6 It is estimated that the Council may be able to claim approximately £5.184m additional un-ringfenced support from MHCLG to recompense the Council for a proportion of lost sales, fees and charges income that has not been received by the Council due to the pandemic, and also that the Council will receive £0.594m from MHCLG through the Coronavirus Job Retention Scheme. This further income support is also forecast within the appropriate service areas, reducing the net impact of Covid-19 on the service areas' forecast outturn position.

Covid-19 Additional Expenditure Area (Included within Corporate Budgets within Monitoring Position)	Expenditure as at 30th September 2020 (£m)	Forecast Expenditure to 31st March 2021 (£m)	Confidence in Forecast Outturn Expenditure
Adult Social Care	3.300	4.294	A
Housing Services	1.377	1.334	A
Public Health	0.044	0.248	A
Regulatory Services	0.000	0.000	G
Children's Social Care	0.263	2.813	A
Learning and Skills	0.037	0.241	A
Risk Management and Insurance	0.000	0.003	R
Elections	0.000	0.002	A
Highways and Transport	0.000	0.269	A
Arts	0.000	0.020	G
Leisure	0.000	1.098	A
Health and Safety	0.002	0.003	G
Communications	0.002	0.011	R
ICT Services	0.005	0.300	R
PPE	0.152	0.261	A
Delivery of Food Parcels and Essential Supplies, and Grants to Community Groups	0.128	0.163	A
Lockdown Compliance and Reopening Costs	0.023	0.158	A
Transport for Covid-19 Testing	0.047	0.059	A
Temporary Mortuary	0.000	0.014	R
Unachieved Savings*	2.839	3.580	G
Total	8.220	14.870	A

*included within directorate monitoring positions

Covid-19 Loss of Income	2020/21 Forecast Net Loss of Income Due to Covid-19 (£m) (Net forecast includes savings on expenditure as a result of service reduction)	Estimated Loss of Sales Fees and Charges Income to be Claimed from MHCLG (£m)	Job Retention Scheme Income Expected from HMRC (Will Increase with Any Further Claims) (£m)	Contribution from Unringfenced Covid-19 Grant to Fund Remaining Loss (£m)	2020/21 Forecast Net Loss of Income Due to Covid-19, After Central Government Compensation (£m)
Service Area					
Adult Services Business Support and Development	0.020		(0.025)	0.000	(0.005)
Adult Social Care Operations	0.308	(0.035)		(0.273)	0.000
Housing Services	0.119	(0.083)		(0.036)	0.000
Registrars	0.269	(0.167)		(0.102)	0.000
Trading Standards and Licensing	0.417	(0.261)		(0.156)	0.000
Learning and Skills	0.360	(0.222)		(0.138)	0.000
Corporate Budgets	0.019			(0.019)	0.000
Corporate Landlord	0.400			(0.400)	0.000
Shire Services	0.743	(0.265)	(0.423)	(0.055)	0.000
Planning Services	0.474	(0.198)		(0.276)	0.000
Shrewsbury Shopping Centres – Commercial Sites	0.455			(0.455)	0.000
Environment and Transport - Parking	3.389	(2.326)		(1.063)	0.000
Waste Management	0.160			(0.160)	0.000
Leisure	0.500	(0.342)	(0.052)	(0.106)	0.000
Libraries	0.034	(0.022)		(0.011)	0.000
Museums and Archives	0.232	(0.155)	(0.012)	(0.064)	0.000
Outdoor Partnerships	0.115	(0.082)		(0.033)	0.000
Theatre Services	1.627	(1.025)	(0.082)	(0.520)	0.000
Total	9.641	(5.184)	(0.594)	(3.867)	(0.005)

4.7 In addition to the non-ringfenced grant of £22.410m, the Council has also been provided with several ringfenced grants in order to respond to the pandemic in various targeted ways. Grants awarded to date are as shown in the table below. Expenditure and grant income are included within service area income and expenditure projections. Some of the grants (e.g. business grants) will be passported through to third parties so do not count towards supporting Local Authority expenditure/activities.

	Value / Assumed Value to be Received (£)
Covid-19 Grants	
SBG and RH&L Grants	91,670,000
Local Restrictions Support Grants (Closed (Addendum))	6,752,250
Additional Restrictions Support Grant	6,462,720
Infection Control Grant (1)	4,601,579
Discretionary Business Grants	4,583,500
Infection Control Grant (2)	4,029,458
Contain Outbreak Management Fund (Nov lockdown)	2,585,088
Test and Trace Support Grant	1,126,797
COVID Winter Grant Scheme	841,634
Supported Bus Services	472,877
Home to School Transport Grant	350,000
Contain Outbreak Management Fund (for tier 1 status)	319,189
Emergency Assistance Grant	311,900
Reopening High Streets Safely Fund	288,194
Compliance and Enforcement Grant	145,151
Next Steps Accommodation Programme	123,500
Active Travel Grant	86,000
Transport Demand Management Grant	50,000
Homelessness and Rough Sleeping Contingency Fund	12,000
Test and Trace Support Payments	TBC
Support for the Clinically Extremely Vulnerable (CEV)	TBC
Total	124,811,136

5. Update on Savings Delivery

5.1 The savings projections for 2020/21 have been RAG rated in order to establish the deliverability of the savings and any potential impact on the outturn projection for the 2020/21 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.
- 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 2020/21 Savings Proposals

Service Area	Red £'000	Amber £'000	Green £'000	Total Savings £'000
Adult Services	1,472	2,279	3,295	7,046
Central DSG	-	-	-	-
Children's Services	2,092	56	259	2,407
Corporate Budgets	51	38	524	613
Finance, Governance and Assurance	-	71	487	558
Legal and Democratic Services	135	-	265	400
Place	1,268	680	3,116	5,064
Strategic Management Board	-	-	-	-
Workforce and Transformation	1,671	482	484	2,637
Council	6,689	3,607	8,429	18,725

5.2 The figures presented above show that 36% of the 2020/21 savings required have been rated as green with a further 19% 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 2020/21. 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 would result in a projected outturn of £581.840m, and a total overspend of £6.378m which would leave the General Fund balance at an unsustainable level.

Table 3: Effect of Non-Delivery of Amber Savings in 2020/21

	Quarter 2 Projected Variance £'000	Amber Savings £'000	Potential Outturn if Amber Savings not Achieved £'000
Adult Services	(1,736)	2,279	543
Central DSG	-	-	-
Children's Services	6,652	56	6,708
Corporate Budgets	(9,904)	38	(9,866)
Finance, Governance & Assurance	1,625	71	1,696
Legal & Democratic Services	60	-	60
Place	5,121	680	5,801
Strategic Management Board	(123)	-	(123)
Workforce & Transformation	1,076	482	1,558
Total	2,771	3,607	6,378

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 2020/21 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 2 Projection	Savings Pressure in 2020/21	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	(94)				159	(253)
Adult Services Management	111	200				(89)
Provider Services	(14)				212	(226)
Housing Services	464	552	164		73	(325)
Social Care Operations	(2,178)				346	(2,524)
Bereavement Services	(1)					(1)
Regulatory Services	(6)	175			50	(232)
Trading Standards and Licensing	22	325			231	(534)
Registrars and Coroners	(23)	30			257	(311)
Non Ring Fenced Public Health Services	(16)				8	(25)
Ring Fenced Public Health Services	0	190	25		314	(528)
Adult Services	(1,736)	1,472	189	0	1,650	(5,047)
Central DSG	0				184	(184)
Central DSG	0	0	0	0	184	(184)
Children's Social Care & Safeguarding	6,419	2,050	3,062		2,327	(1,021)
Early Help, Partnerships and Commissioning	(118)				9	(127)
Children's Services Management	6	7			22	(23)
Learning and Skills	345	36	42		417	(150)
Children's Services	6,652	2,092	3,104	0	2,775	(1,320)
Corporate Budgets	(3,109)	51			766	(3,926)
Business Continuity – Covid-19	(6,795)				15,615	(22,410)
Corporate Budgets	(9,904)	51	0	0	16,381	(26,336)
Audit Services	(78)					(78)
Finance	146				181	(35)
Pension Administration Services	0					
Revenues and Benefits	1,601		1,750			(149)
Treasury Services	(0)					
Commissioning Development and Procurement	(10)					(10)
Risk Management and Insurance	(34)					(34)
Finance, Governance and Assurance	1,625	0	1,750	0	181	(306)
Democratic Services	(31)	8			2	(41)
Elections	64	77			8	(21)
Legal & Democratic Services	27	50			68	(91)
Legal and Democratic Services	60	135	0	0	78	(153)
Director of Place	132	92	64			(24)
Head of Commercial Services	100	96			4	(488)
Corporate Landlord	(115)				373	(4)
Facilities Management	(4)					(4)
Property Services	89				96	(7)

	Quarter 2 Projection	Savings Pressure in 2020/21	Ongoing Monitoring Pressures Identified	Ongoing Monitoring Savings Identified	One Off Monitoring Pressures Identified	One Off Monitoring Savings Identified
	£000	£000	£000	£000	£000	£000
Strategic Asset Management	323		100		235	(12)
Commercial Investment Team	(286)				6	(292)
Climate Change	0					
Shire Services	868		426		762	(320)
Head of Economic Growth	(7)					(7)
Planning Services	225				821	(596)
Economic Growth	(0)				756	(757)
Broadband	(0)				37	(37)
Planning Policy	(3)				110	(113)
Shrewsbury Shopping Centres – Development Sites	683	320			585	(222)
Shrewsbury Shopping Centres – Commercial Sites	185				720	(535)
Head of Infrastructure	(1)				31	(33)
Highways	495	200			1,437	(1,142)
Environment and Transport	833	200	952		4,621	(4,940)
Waste Management	(149)				41	(189)
Head of Homes and Communities	482	350			132	
Housing Development and HRA	963		1,025			(62)
Head of Culture, Leisure and Tourism	111		113		60	(61)
Arts	(0)				0	
Shropshire Hills AONB	19				19	
Outdoor Partnerships	60		50		371	(361)
Leisure	125				723	(598)
Libraries	73	9	98		61	(96)
Museums and Archives	(81)				291	(371)
Theatre Services	0				4,165	(4,165)
Place	5,121	1,268	2,828	0	16,457	(15,431)
Strategic Management Board	(123)					(123)
Strategic Management Board	(123)	0	0	0	0	(123)
Customer Services	(168)					(168)
ICT Digital Transformation Project	2,782	1,181	1,601			
ICT Services	(1,320)	435			279	(2,034)
Communications	(37)				28	(65)
Information, Intelligence and Insight	(117)					(117)
Human Resources & Organisational Development	(64)	55			445	(564)
Workforce and Transformation	1,076	1,671	1,601	0	752	(2,948)
TOTAL	2,771	6,689	9,472	0	38,458	(51,848)

6.2 The 2020/21 savings projected not to be delivered within the Quarter 2 position are as follows:

Ref	Directorate	Service Area	Description	2020/21 Saving Required (£)	Value Rated Red (£)	Forecast Impact of Covid-19 on Red Savings
2A38R	Adult Services	Housing Services	Utilisation of HRA monies to fund temp accommodation properties	172,200	172,200	
2A46R	Adult Services	Regulatory Services	Regulatory Services, Trading Standards and Licensing review leading to redesign of delivery model, structures and an increased focus on income generation. Opportunities include; increased alignment to the CSC and an increased digital presence.	200,000	175,000	175,000
2A46R	Adult Services	Trading Standards and Licensing	Regulatory Services, Trading Standards and Licensing review leading to redesign of delivery model, structures and an increased focus on income generation. Opportunities include; increased alignment to the CSC and an increased digital presence.	200,000	175,000	175,000
H16	Adult Services	Trading Standards and Licensing	Increase parking enforcement functions in line with the parking strategy	100,000	100,000	100,000

H24	Adult Services	Ring Fenced Public Health Services	Reclaim of funds from out of area for sexual health services (Wales)	50,000	50,000	50,000
2A03	Adult Services	Housing Services	External income generation	100,000	50,000	
2A18	Adult Services	Housing Services	Reclaim of HRA monies	80,000	80,000	
2A20	Adult Services	Ring Fenced Public Health Services	Redesign of integrated sexual health services	100,000	100,000	100,000
2A27	Adult Services	Registrars and Coroners	Registrars and Coroners income and reserve savings	30,000	30,000	30,000
2A28	Adult Services	Ring Fenced Public Health Services	Public Health services training income	10,000	10,000	5,000
2A29	Adult Services	Ring Fenced Public Health Services	Review of NHS Health checks, Preventive Health and Health TV.	30,000	30,000	15,000
2A30	Adult Services	Trading Standards and Licensing	Increase parking enforcement functions in line with the parking strategy	50,000	50,000	50,000
2P02	Adult Services	Housing Services	New model for temporary housing	250,000	250,000	
2A15	Adult Services	Adult Services Management	PFI Contract Savings	200,000	200,000	
P41	Children's Services	Children's Services Management	Negotiate contract savings upon renewal, through better contract management	6,880	6,880	
2C03	Children's Services	Children's Social Care and Safeguarding	North Yorks - No children in residential care model	2,000,000	2,000,000	1,000,000
2C09	Children's Services	Children's Social Care and Safeguarding	New Residential Homes	100,000	50,000	50,000
2C06	Children's Services	Learning and Skills	Reduction to Council Central Schools Block of Dedicated Schools Grant	100,000	35,600	

2F01	Corporate Budgets	Corporate Budgets	Insurance premiums and recharges	163,000	51,000	
2LD04	Legal and Democratic Services	Legal Services	New Children's Lawyer	50,000	50,000	
2LD07	Legal and Democratic Services	Elections	JLB Bid Funding	76,690	76,690	
2LD11	Legal and Democratic Services	Democratic Services	Increased income generation	8,000	8,000	
P11	Place	Libraries	Review of library provision	73,950	9,420	9,420
P41	Place	Director of Place	Negotiate contract savings upon renewal, through better contract management	92,320	92,320	
P65	Place	Shrewsbury Shopping Centres – Development Sites	Income generation from investment in assets	320,000	320,000	320,000
P05	Place	Head of Commercial Services	Review of car parking at administrative sites	96,000	96,000	96,000
2P03	Place	Environment and Transport	Support package for Operation of Park and Ride	200,000	200,000	100,000
2P05	Place	Head of Homes and Communities	HRA cost recovery	100,000	100,000	
2P02	Place	Head of Homes and Communities	New model for temporary housing	250,000	250,000	
2P210	Place	Highways	LED Street Lighting	200,000	200,000	
2WT06	Workforce and Transformation	ICT Services	PCI, SIP trunking and Telephony	200,000	8,830	8,830
2WT12	Workforce and Transformation	Human Resources and Organisational Development	Review of First Line HR Contacts	25,000	25,000	
2WT13	Workforce and Transformation	ICT Services	Mobile Phone Contract Reduction	40,000	40,000	20,000

2WT14	Workforce and Transformation	Human Resources and Organisational Development	Re-working ICT approvals process	30,000	30,000	
2WT20	Workforce and Transformation	ICT Services	Contract reductions from IT infrastructure replacement	283,000	283,000	
2WT21	Workforce and Transformation	ICT Services	WAN contract reductions	103,000	103,000	103,000
2WT23	Workforce and Transformation	ICT Digital Transformation Project	Lean review of Shropshire Council structures and processes linked to transformation, single front door and digital enabling technologies	1,181,000	1,181,000	
TOTAL				7,271,040	6,688,940	2,407,250

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

- 6.3 A number of ongoing pressures have been identified within service areas, some of which relate to savings unachieved in previous financial years. Ongoing pressures identified at Quarter 2 are as follows:

Directorate	Service / Description	Nature of Ongoing Monitoring Pressure	Value (£)
Adult Services	Housing - Temporary Accommodation	Demography	164,000
Adult Services	Public Health - Out of Hours Call Service	Historic unachieved saving	24,800
Children's Services	Shrewsbury Training and Development Centre	Reduced income	42,000
Children's Services	Children's Social Care Placements	Demography and staff budget	2,427,400
Children's Services	Social Work Teams	Staff budget	291,500
Children's Services	Children's Social Care Agency Costs	Staff budget	343,400
Finance, Governance and Assurance	Housing Benefits	Housing Benefit Subsidy loss	1,750,000
Place	Shire Services	Historic unachieved saving	426,100
Place	Strategic Asset Management	Historic unachieved saving	100,000
Place	Director of Place	Historic unachieved saving	63,970

Place	Housing Development and HRA	Historic unachieved saving (now Cornovii)	1,025,000
Place	Environment and Transport	Historic unachieved saving	952,000
Place	Outdoor Partnerships	Historic unachieved saving	50,000
Place	Libraries	Historic unachieved saving	98,000
Place	Head of Culture, Leisure and Tourism	Staff budget	112,825
Workforce and Transformation	DTP - Transformation Savings	Historic unachieved saving	1,111,000
Workforce and Transformation	DTP - Single Front Door / Face to Face Review	Historic unachieved saving	490,000
TOTAL			9,471,995

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 2020/21 the minimum balance required would therefore be £2.877m, 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 General Fund Balance section of the Medium Term Financial Strategy 2020-25, reported to Council on 27th February 2020, is £19.242m.
- 7.3. Based on the current monitoring position, the General Fund balance will reduce significantly at year-end, as shown in table 5 below. The projected balance will be below the required risk assessed target, but this is, in many ways, reflective of several risks being realised within the year such as unachieved savings, reductions in interest rates and an increased pay award. The 2021/22 estimate for the General Fund Balance was, as at February 2020, similar to the 2020/21 level but will need to be significantly reassessed ahead of the next Financial Year due to several key changes in assumptions following the unparalleled financial implications of the Coronavirus pandemic in 2020/21.

Table 5: Projected General Fund Balance as at 31 March 2021

	£'000
General Fund Balance as at 31 March 2020	13,510
This Report – Projected Outturn Under/(Over)spend	(2,771)
Projected Balance at 31 March 2021	10,739

8. Movement in Capital Programme for 2020/21

8.1 The capital budget for 2020/21 is continuously being monitored and changed to reflect the nature of capital projects which can be profiled for delivery over several years. In Quarter 2 there has been a net budget decrease of £28.131m for 2020/21, compared to the position reported at Quarter 1 2020/21. Table 6 summarises the overall movement, between that already approved, changes for Quarter 2 and the programme financing.

Table 6: Revised Capital Programme Quarter 2 2020/21

Detail	Agreed Capital Programme - Council 27/02/20	Slippage & Budget Changes Approved To Q1 2020/21	Quarter 2 Budget Changes to be Approved	Revised 2020/21 Capital Programme Quarter 2
	£	£	£	£
General Fund				
Adult Services	72,225,091	1,981,554	(2,988,750)	71,217,895
Childrens Services	7,537,407	967,327	(6,208,091)	2,296,643
Childrens Services	15,611,241	2,258,618	(5,296,418)	12,573,441
Workforce & Transformation	1,400,000	994,901	-	2,394,901
Total General Fund	96,773,739	6,202,400	(14,493,259)	88,482,880
Housing Revenue Account	22,255,610	2,683,069	(13,638,000)	11,300,679
Total Approved Budget	119,029,349	8,885,469	(28,131,259)	99,783,559
Financing				
Self Financed Prudential Borrowing *	43,635,000	(1,864,664)	(30,504,978)	11,265,358
Government Grants	43,722,715	(2,500,097)	10,367,133	51,589,751
Other Grants	-	1,185,437	(913,695)	271,742
Other Contributions	14,043,449	(135,294)	(2,402,212)	11,505,943
Revenue Contributions to Capital	4,179,610	1,325,395	(1,098,063)	4,406,942
Major Repairs Allowance	5,026,000	1,181,444	362,000	6,569,444
Corporate Resources (expectation - Capital Receipts only)	8,422,575	9,693,249	(3,941,444)	14,174,380
Total Confirmed Funding	119,029,349	8,885,469	(28,131,259)	99,783,559

8.2 Within the financing of the Capital Programme, £4.407m is funded from revenue contributions. The major areas of revenue contributions to capital are £0.127m approved towards essential repairs in relation to the Corporate Landlord estate and £4.215m in ringfenced HRA monies to new build schemes (£3.750m) and the major repairs programme (£0.465m).

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

Budget Increases

- Grant award of £11.570m in relation to the Department for Transport (DfT) Pothole Action Fund
- New award of £5.000m Local Enterprise Partnership (LEP) funding in relation to the Oswestry HIF scheme to enable progression of the Oswestry Innovation Park.
- Indicative award of £2.765m in relation to the DfT Incentive Fund.

- New award of £2.064m LEP funding in relation to the Tannery Medical Centre scheme.
- Increase of £1.025m in revenue contributions to capital funding.
- Increase of £0.811m in CIL contributions to capital funding.
- Confirmation of additional Department for Education (DfE) School Condition grant of £0.744m.
- Notification of 2020/21 DfE Devolved Formula Capital (DFC) grant funding of £0.422m
- Additional contribution from Major Repairs Allowance of £0.362m for the HRA housing stock repair programme.
- £0.328m Homes England grant in relation to the Oswestry HIF scheme to reflect anticipated delivery of the scheme.
- Increase of £0.060m in S106 contributions to capital funding.
- Additional capital receipts funding of £0.022m due to new grant award under the Market Drayton Business Grant Scheme.
- Additional DfE Full Fibre Broadband grant of £0.015m.
- ERDF grant award of £0.012m for a new project.
- Increase of £0.002m and £0.002m in private sector contributions and public sector contributions respectively for a local heritage asset find acquisition.

Budget Decreases

- Reduction in Prudential Borrowing requirement of £1.827m in relation to the Tannery Medical Centre scheme and the Parking Strategy project as a result of additional funding and project completion respectively.
- £1.315m Highways Maintenance grant pending a reassessment of the LED Street Lighting scheme.
- Transfer of Community Housing Grant of £0.100m to revenue for Community Led Schemes.
- Reduction in DfE DFC grant of £0.036m as a result of academy conversions.
- Reduction in required capital receipts funding of £0.001m in relation to completed projects.

Budget Re-profiling

- **Adult Services**
Reprofiling of £2.000m Department of Health (DoH) unallocated Disabled Facilities grant and £1.000m DoH HOLD grant in relation to the future programme and to reflect the anticipated expenditure profile respectively.
- **Children's Services**
Reprofiling of £5.100m Basic Need funding in relation to the Haughmond School Amalgamation Programme to reflect anticipated programme delivery.
Reprofiling of £0.900m capital receipts funding in relation to the Haughmond School Amalgamation Programme to reflect anticipated programme delivery.
Re-profiling of £0.504m DFC grant to reflect anticipated expenditure profile and expected expenditure at outturn.
Reprofiling of £0.450 SEND Special Provision Funds to reflect anticipated expenditure profile.

Reprofiling of £0.300m School Condition funding to reflect anticipated expenditure profile.

Reprofiling of £0.124m Early Years Capital Grant to reflect anticipated expenditure profile.

- **Place**

Reprofiling of Prudential Borrowing requirements of £18.678m to reflect anticipated expenditure profiles in relation to future commercial investments (£15.000m) and Whitchurch Medical Practice project (£3.678m).

Reprofiling of £1.000m NHS grant to reflect anticipated expenditure profile in relation to Whitchurch Medical Practice project.

Reprofiling of £1.000m capital receipts funding in relation to Shrewsbury Self Build Scheme to reflect the anticipated expenditure profile.

Re-profiling of £3.327m private sector contributions and £1.673m capital receipts in relation to Phase 5 of the Broadband project to reflect expected expenditure at outturn.

- **Housing Revenue Account:** re-profiling of £10.000m Prudential Borrowing, Homes & Communities Agency New Build grant of £3.000m and HRA revenue contributions of £1.000m in relation to Phase 6 of the HRA New Build programme to reflect expected expenditure at outturn.

9. Actual versus Planned Expenditure to Date

- 9.1. The actual capital expenditure at Quarter 2 is £19.516m, which represents 20% of the revised capital budget at Quarter 2, 50% of the year. This is slightly 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 remainder of the year. Based on recent years, the capital programme has outturned 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 slightly low across the programme in some areas, but equal to the level of spend in the previous year at this period. In terms of the major areas the spend position is as follows: Adult Services 16% (budget £5.516m), Children's Services 15% (budget £11.662m), Place 23% (budget £68.910m), Workforce & Transformation 19% (budget £2.395m), HRA Major Repairs & New Build Programme 8% (budget £11.301m).

10. Schemes Forecast Outturn & Delivery

- 10.1. Capital schemes within the capital programme are not only continually monitored in terms of current year actual expenditure against budget but also in terms of scheme forecast outturn compared to budget and, on an exceptions basis, scheme delivery against profile. This is achieved by RAG rating schemes as follows:

RAG Rating	Scheme Projected Outturn	Scheme Projected Delivery
Red	Schemes with a forecast outturn in excess of 10% of the current scheme budget.	Scheme significantly below profile at current period and not expected to deliver as original profile.
Amber	Schemes with a forecast outturn in excess of 5% of the current scheme budget.	Scheme below profile at current period and will not deliver as original profile.
Green	Schemes with a forecast outturn of less than or equal to the current scheme budget.	Scheme on profile at current period and expected to be delivered as original profile.

- 10.2. For most schemes, forecast outturn against budget and scheme delivery against profile at Quarter 2 are within acceptable limits, however, currently one scheme is rated red in relation to both forecast outturn and scheme delivery. This scheme is discussed in detail below.

Ludlow Assembly Rooms - Refurbishment Works

The scheme budget totals £3.475m and forecast outturn is currently £3.733m; a potential scheme over spend of £0.258m. Additionally, the scheme is also significantly behind schedule. The majority of the overspend and overrun have arisen due to unforeseen works requirements relating to the condition of the building. Of this forecast overspend £0.117m is as a direct result of the COVID-19 pandemic and relates to increased costs arising from unavoidable project time delays. This potential overspend has been reported and discussed by the Project Board. The Board has implemented a recovery plan and actions in order to bring the scheme back within the approved budget.

- 10.3. The position of this scheme will continue to be closely monitored and reported in subsequent monitoring reports.

11. Impact of COVID-19 Pandemic

- 11.1. Impact of the COVID-19 pandemic on capital schemes, in terms of both forecast outturn and delivery, in addition to new specific schemes, are routinely considered and assessed at individual project boards and during monthly monitoring.
- 11.2. As previously referred to in paragraph 3.2, the Ludlow Assembly Rooms project has incurred additional costs of £0.117m as a direct result of the COVID-19 pandemic.
- 11.3. It has been necessary to instigate two new projects, with total costs of £0.020m, to meet operational requirements in Adult Services as a result of the pandemic. These projects are:

- Avalon - Outside Toilet Facility
- Oak Farm - Lean to Shelter for Handwashing

12. Capital Receipts Position

12.1. 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 2020/21 to 2023/24. 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 7: Projected capital receipts position

Detail	2020/21 £	2021/22 £	2022/23 £	2023/24 £
Corporate Resources Allocated in Capital	14,174,381	9,273,633	5,000,000	-
Capital Receipts used to finance	-	-	-	-
To be allocated from Ring Fenced Receipts	7,141,437	3,050,000	-	-
Total Commitments	21,315,818	12,323,633	5,000,000	-
Capital Receipts in hand/projected:				
Brought Forward in hand	19,619,249	2,557,313	(9,700,958)	(14,700,958)
Generated 2020/21 YTD	3,027,919	-	-	-
Projected - 'Green'	1,225,963	65,363	-	-
Total in hand/projected	23,873,131	2,622,675	(9,700,958)	(14,700,958)
Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward	(2,557,313)	9,700,958	14,700,958	14,700,958
Further Assets Being Considered for Disposal	5,013,465	18,909,424	14,230,000	3,500,000

- 12.2. Capital receipts of £19.619m were brought forward from 2019/20 and £3.028m has been generated to date in 2020/21. A further £1.226m is currently projected as 'Green' for 2020/21, which mainly relates to the sale of Westgate, Bridgnorth (£0.869m) and from the sale of HRA Right to Buy properties (£0.366m).
- 12.3. Based on the current programme and capital receipts in hand and projected as Green for 2020/21, the programme is affordable and there will be a balance of £2.557m to carry forward.
- 12.4. In 2021/22 and 2022/23 there are currently projected shortfalls of capital receipts of £9.701m and £14.701m 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 an urgent pressure 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.

- 12.5. It is important that work progresses, to minimise the funding shortfall. 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.

13. External Funding – Pocket Parks

- 13.1 Shropshire Council supported a bid in December 2019 to the Ministry of Housing, Communities and Local Government by Sport and Arts in the Community (SpArC) South West Shropshire for Pocket Parks. The Pocket Parks programme will support communities to provide new or renovated parks that can be used for local activities. The bid was for £15,000 for the development of a new park with wildlife area and outdoor climbing wall.
- 13.2 The application was successful and in February 2020 £15,500 was awarded for the project. This included an additional £500 to carry out an evaluation of the scheme. Match funding of £4,500 is to be provided which is being secured by SpArC.
- 13.3 The funding was issued to Shropshire Council as a Section 31 grant. As accountable body, the Council will enter into a grant funding agreement with SpArC, arrange the payment of the funding to SpArC and monitor progress of the programme to confirm that the funding is being used correctly.

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

Medium Term Financial Strategy 2020/21-2024/25
Financial Rules

Appendices

1. Service Area Pressures and Actions 2020/21
2. Amendments to Original Revenue Budget 2020/21
3. Capital Budget and Expenditure 2020/21

Service Area Pressures and Actions 2020/21**Summary**

	Budget	Forecast	Variance	RAGY
Adult Services	118,578,550	116,842,668	(1,735,882)	Y
Central DSG	-	-	-	G
Children's Services	53,014,990	59,667,024	6,652,034	R
Corporate Budgets	(6,357,730)	(16,261,833)	(9,904,103)	Y
Finance, Governance & Assurance	2,239,570	3,864,184	1,624,614	R
Legal & Democratic Services	453,440	513,580	60,140	A
Place	57,834,590	62,955,206	5,120,616	R
Strategic Management Board	4,290	(118,236)	(122,526)	Y
Workforce & Transformation	(246,130)	829,799	1,075,929	R
TOTAL	225,521,570	228,292,390	2,770,820	A

Detail

ADULT SERVICES	Full Year			RAGY
	Budget £	Forecast £	Variance £	
Total	118,578,550	116,842,668	(1,735,882)	Y

Adult Services Business Support and Development	Portfolio Holder Adult Social Services and Climate Change	3,498,220	3,404,557	(93,663)	Y
<p>There is a projected underspend within Business Support and Development of (£0.094m) which is largely due to a number of managed vacancies across the service. The vacancies are not sustainable beyond the short-term, but will not impact service delivery in 2020/21. A summary of the major variances are as follows:</p> <ul style="list-style-type: none"> • (£0.057m) underspend on Business Support. This is largely down to staffing and costs associated with the posts, due to anticipated delays in appointing to vacant posts. • (£0.037m) underspend on Joint Training and the Professional Development Unit. There is an anticipated loss of income due to Covid-19 but this is offset in full by staffing related underspends. 					
Adult Services Management	Portfolio Holder Adult Social Services and Climate Change	1,958,710	2,070,044	111,334	R
<p>There is a projected overspend within Adult Services Management of £0.111m. A summary of the major variances are as follows:</p> <ul style="list-style-type: none"> • (£0.088m) underspend on staffing due to a Head of Service post not yet being appointed to. • £0.200m overspend as a result of an unachieved saving on PFI building contracts. 					
Provider Services	Portfolio Holder Adult Social Services and Climate Change	2,942,600	2,928,183	(14,417)	Y
Minor variation from budget at Quarter 2.					
Housing Services	Portfolio Holder Housing and Strategic Planning	2,456,440	2,920,328	463,888	R

<p>There is a projected overspend within Housing Services of £0.464m. The major variances are as follows:</p> <ul style="list-style-type: none"> • (£0.223m) underspend on staffing due to anticipated in-year staff vacancies. • £0.006m net effect of under-achievement of income targets and pressures in service delivery related to projects such as assistive technology • £0.552m related to the expected non-achievement of red savings • £0.164m anticipated overspend on temporary accommodation, due to an unprecedented number of homeless cases. Savings targets have been proposed by reducing the reliance on more expensive bed and breakfast usage. 					
Social Care Operations	Portfolio Holder Adult Social Services and Climate Change	103,596,240	101,418,071	(2,178,169)	Y
<p>There is a projected underspend of (£2.178m) within the Social Care Operations section of Adult Services. The major variances are as follows:</p> <ul style="list-style-type: none"> • (£1.489m) projected underspend within the purchasing budget. Ongoing work is taking place to review this position but at present it is anticipated, due to not seeing the level of growth in costs that was anticipated at budget setting. This could be due in part to the suppressed demand due to Covid-19, as well as an increased death rate. There is also some one-off in-year funding applied from NHSE, which is funding all hospital discharges from its Covid-19 funding. This is an extremely volatile budget and assumptions made around in-year growth are extremely difficult due to the current pandemic and the unknown future, but we are starting to see demand increasing and we have a number of young adults requiring specialist placements. As we enter wave two, adult social care colleagues continue to monitor the impact of the pandemic. • (£0.540m) underspend due to a local authority decision to fund OT equipment costs through the disabled facilities grant, which means applying capital funding and generating a revenue budget saving. This may not be sustainable in the future. • (£0.222m) underspend on operational social work staffing due to anticipated delays in appointing to a number of staff vacancies. This is not sustainable in the longer term. • £0.208m overspend within maintenance and void costs across social care operations, mainly with regards to occupational therapy equipment and supported living properties where void costs of properties are not covered by the collection of Housing Benefit of the inhabitants. • £0.138m overspend on transport costs. 					
Bereavement Services	Deputy Portfolio Holder Public Health	(263,170)	(263,861)	(691)	Y
Minor variation from budget at Quarter 2.					
Regulatory Services	Portfolio Holder Communities, Place Planning and Regulatory Services	2,756,110	2,749,765	(6,345)	Y
Minor variation from budget at Quarter 2.					
Trading Standards and Licensing	Portfolio Holder Communities, Place Planning and Regulatory Services	667,810	689,496	21,686	R
Minor variation from budget at Quarter 2.					
Registrars and Coroners	Deputy Portfolio Holder Public Health	679,390	656,032	(23,358)	A
Minor variation from budget at Quarter 2.					
Non Ring Fenced Public Health Services	Deputy Portfolio Holder Public Health	272,430	256,283	(16,147)	Y
Minor variation from budget at Quarter 2.					
Ring Fenced Public Health Services	Deputy Portfolio Holder Public Health	13,770	13,770	0	G

The Ring Fenced Public Health section of Adult Services is funded by Public Health England grant and is forecast to breakeven. The major variances within the breakeven position are as follows:

- £0.190m of committed savings in relation to the redesign and procurement of sexual health services will not be achieved in 20/21 due to challenges in contract mobilisation that have arisen as a result of the Covid-19 outbreak.
- £0.025m anticipated overspend on the out of hours call monitoring contract which is unlikely to be resolved in 20/21 due to resource constraints.
- (£0.027m) underspends expected in GP and pharmacy payments for public health services.
- (£0.064m) underspends due to reduced outturn on NHS Healthcheck expenditure.

Additional grant received from Public Health England has been committed to investment in staffing resource and has resulted in the creation of a number of posts. The delay in recruiting to these new posts is anticipated to result in a one-off overall underspend within the ring fence of (£0.198m) in 20/21. This underspend is forecast to be added to the ring fenced Public Health reserve at year end.

CENTRAL DSG	Full Year			RAGY
	Budget £	Forecast £	Variance £	
Total	-	-	-	G

Central DSG	Deputy Portfolio Holder Education	-	-	-	G
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There is a £0.184m budget pressure reported against Central Dedicated Schools Grant (DSG). A £0.150m budget pressure is reported against the Early Years Block of DSG as a direct result of the “double funding” of nursery placements due to Covid-19. There will be Early Years children who cannot access the free Early Years entitlement at the setting of their choice, either because it is still closed or because they have had to restrict places in order to operate safely within the current guidelines of Covid-19. This has led to the ‘double funding’ of the nursery places for these children. It is assumed that this cost will fall on the DSG rather than the Council's Covid-19 grant.

There is a £0.034m budget pressure on the High Needs Block of DSG. The budget pressure identified at Quarter 2 relates to Post 16 FE College placements and top-up funding to mainstream schools. The SEND team believe that there will be a longer-term impact once lockdown restrictions are eased. The costs pressures will be from a higher than "normal" proportion of children presenting with needs that require top-up funding e.g. increased anxiety, plus an increase in demand for high cost residential placements or contributions towards joint funded high cost placements resulting from an increase in demand for these type of placements.

There are a number of strategies in play to address the increasing deficit on the DSG with the aim of bring the Council's DSG account back into balance. These include;

- Building capacity of maintained and academy school SEND Hubs as a more cost effective, local provision
- Graduated Support Pathway (GSP) payments to children identified as requiring SEN support an early stage
- Close partnership working with local mainstream college providers to realise efficiencies
- Reducing reliance on Independent Special Schools through focusing on building capacity of maintained school SEND hubs and the development of a new free Special School from September 2022
- Greater co-commissioning of provision with partners e.g. Health and Social Care to meet the holistic needs of a child
- Continue to support schools to be inclusive and manage the increase in permanent exclusions

CHILDREN'S SERVICES	Full Year			RAGY
	Budget £	Forecast £	Variance £	
Total	53,014,990	59,667,024	6,652,034	R

Children's Social Care and Safeguarding	Portfolio Holder Children's Services	32,332,950	38,752,056	6,419,106	R
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The budget pressure in Children's Social Care reflects unachieved savings targets totalling £2.055m as well as ongoing budget pressures, many of which have continued from 2019/20 and mirror the national picture.

£2.000m unachieved savings relates to the Stepping Stones project which has been partially delayed by Covid-19. The Stepping Stones Project is a strategy based on the successful "No Wrong Door" model in North Yorkshire. The vision is that of a holistic approach to children in care with an individualised, wrap-around support system in place that pulls in key stakeholders to work in a multi-agency hub. This way of working will build on the strong foundations of outreach and short-breaks provision, as well as utilising residential care flexibly and creatively to help repair and prepare children and young people to step down to home or a foster family or onto independent living. The project requires investment in additional staff and property adaptations in order to deliver this £2.000m savings target so is a subject of an invest to save funding bid. Unfortunately, the project has been delayed by Covid-19 so it is forecast that no savings will be delivered in 2020/21.

The remaining £0.055m unachieved savings relate to the 2 new residential children's homes. Again, the reason for this unachieved saving is Covid-19. While the first new children's home opened in February and is forecast to deliver some savings relating to the 2 children who are accommodated there, the second children's home was due to have its Ofsted Registration inspection in April, however due to Covid-19 lockdown restrictions this has been delayed. Consequently, the opening of this children's home was delayed from April/May to October which has impacted on savings delivery.

The largest overspending area within Children's Social Care is the external residential placements budget. There is a budget pressure of £0.774m being reported. As the number of children who are Looked after by Shropshire Council increases, so does the number of residential places. As at the end of September 2020, the number of external residential placements continues to rise with a net total of 5 additional external residential placements since the start of 2020/21 financial year. Although, these types of placement are relatively small in number, they are high cost and we believe there is an increase in demand for this type of placement due to Covid-19 increasing pressure on families during lockdown leading to an increase in neglect and abuse. There has been a 57% increase in the number of children coming into the care of the Shropshire Council over the same period last year. This has not resulted in the same increase in residential placements. A commissioning and contracts manager was appointed in the 2019/20 financial year to scrutinise high cost residential placements with private providers where the Council is incurring additional costs relating to the child, which may include 1:1 or 2:1 levels of care, therapeutic intervention and education provision. By providing monitoring of these placements to provide assurance of value for money and challenge as to whether the increased levels of support often provided at a start of a placement could be reduced, this post has successfully managed to generate significant savings in 2019/20 and these savings will be considerably higher in the 2020/21 financial year when we get the full-year effect in these reduction in placement costs plus any new reductions.

As stated above, at the end of the 2018/19 financial year, the Council embarked on a strategy to develop additional in-house internal residential provision. One home opened in February 2020 and is operational while the second home opened in October 2020 once Ofsted had undertaken their inspection and assessment. This process was delayed due to Covid-19. In the meantime, there is an overspend of £0.295m across all of the Council's internal residential homes. This overspend relates to staffing pressures resulting from Covid-19 whereby existing staff have worked additional hours to provide additional support to the children accommodated at these homes during the pandemic, plus the cost of a Project Manager post to oversee the set-up of the 2 new children's homes.

There is a budget pressure of £1.328m against External Fostering placements. Shropshire has experienced a significant increase in demand for fostering placements over the last few months (in line with the increase in looked after children described above) with a net increase of 35 new External Fostering placements since the start of the financial year (as at the end of September 2020). These placements are higher cost than internal foster placements with the average weekly cost of an external fostering placement at approximately £800 per week. However it remains a much more cost effective resource than residential placements which would be the alternative, and also ensures that children can remain in a family environment. Whilst Internal fostering placements are considerably cheaper than external fostering placements, our internal fostering capacity is full. Covid-19 has prevented existing foster carers from taking any new children, while the recruitment of new foster carers which has been a strategy to address the budget pressures in placements has been negatively impacted by Covid-19 with far fewer inquiries from potential new foster carers. Pressures from the court to place children with families also impacts on the team's capacity to undertake fostering assessments because they are undertaking family and connected persons assessments under the direction of the Court. 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 the skills to look after more complex children. This will reduce demand for expensive residential provision. An ongoing monitoring pressure of £0.242m 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 to permit this. This provision has demonstrated significant impact on reducing the number of fostering placements breaking down, thus preventing higher cost placements whilst ensuring greater stability for our children.

There is a budget pressure of £1.121m caused by staffing budget pressures across the rest of Children's Social Care. The majority but not all of this pressure has continued from previous years and relates to agency social workers covering social worker posts. It is necessary to ensure that children who are looked after, on a Child Protection Plan or 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. WE have reduced the number of agency workers from 38 last year to 26. We have retained some agency social workers through Covid-19 to maintain our ability to deliver our statutory responsibilities. The service remains focused on recruitment and retention with a dedicated HR worker in post to support with the timely recruitment of social workers. The recruitment campaign for children's services has been continuous and we are engaged with the graduate programmes for social work Step Up. The service has appointed 8 social work apprentices in January 2020. Whilst this strategy in itself has led to a further budget pressure of £0.182m on staffing, it was a deliberate strategy to grow our own social workers, to retain them in our employment, and ultimately reduce costs over the longer term. As of October 2020, recruitment remains a real issue with a heavy reliance on agency social workers due to the number of social worker vacancies and the challenges in recruiting to vacant posts. Those staff that are responding to our recruitment campaign tend to be inexperienced ASYE social workers, so agency workers will be required to stay in post for a limited time to support these new social workers until such time that they are able to take on full caseloads. Although growth was built into the budget for a number of social workers posts, this growth has been outstripped by increasing demand caused by rising LAC numbers and as a result there are still a small number of agency social workers who are classed as extra capacity albeit fewer than in 2019/20. As with other areas of Children's Social Care, the staffing budget position has been negatively impacted by Covid-19.

There is a £0.044m budget pressure relating to Adoption Services. £0.110m relates to the Joint Adoption Service with Telford & Wrekin Council where there are 2 posts in Post Adoption Support that are over and above the budgeted number of posts and an anticipated budget pressure on intra-agency adoption placements. These 2 posts are critical as part of Shropshire Council's becoming part of a regional adoption agency called Together4Children. The offsetting forecast underspend of £0.066m relates to Special Guardianship Allowances. Growth of £0.280m was built into the budget for 2020/21 and we have continued to see an increase in Special Guardianship Orders issued which mirrors the national trend where there has been a steep increase in the number of SGOs over the past 8 years. These are less costly options than residential or fostering placements and give a child more permanence than a regular fostering arrangement.

There is a one-off pressure of £0.108m in the Disabled Children's Team. The majority of this relates to an increase in Disabled Children's Team Direct Payments and prevention and support payments. This reflects an increase in demand for these type of payments and is partly the longer term impact of the temporary closure of the Council's commissioned overnight short breaks provision in 2019.

The remaining £0.213m forecast overspend relates to one-off monitoring pressures on non-staffing budgets such as barrister fees, transport recharges and interpreting fees across several social work teams. The impact of Covid-19 remains on these budget remains unknown as yet.

Early Help, Partnerships and Commissioning	Portfolio Holder Children's Services	2,319,740	2,202,134	(117,606)	Y
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The £0.118m one-off monitoring savings are forecast against Early Help. £0.074m is the result of in year vacancy management savings either within the Family Hubs structure or the Parenting team. A further £0.033m one-off underspend relates to premises related and staff mileage budgets for the 6 new Family Hubs. More work is required to determine if these underspends are ongoing or one-off in terms of the 2021/22 budget setting process. The remaining £0.011m forecast one-off underspend is across non-staffing budgets in either the Specific Needs Clubs, Family Information Service or NEETs team.

On 22nd January 2020, Cabinet approved to cease the current commissioning model and agree a new model of Targeted Youth Support which will be managed in-house as part of Shropshire's Early Help provision.

Children's Services Management	Portfolio Holder Children's Services	607,420	613,388	5,968	G
Minor variation from budget at Quarter 2					
Learning and Skills	Deputy Portfolio Holder Education	17,754,880	18,099,446	344,566	R
<p>The £0.345m forecast overspend reflects projected unachieved savings of £0.036m. £0.100m savings were planned in response to the Council's 2020/21 Central School Services Block DSG allocation from Government being reduced by 20% or £0.428m. While growth of £0.328m was built into the Learning and Skills budget to reflect this, it was anticipated that a further £0.100m reduction could be dealt with through savings by withdrawal of contributions to other service areas or reductions in contracts. To date £0.064m savings have been identified while work is ongoing to identify where the remaining £0.036m saving will be achieved.</p> <p>The largest projected overspend relates to home to school transport with a £0.334m budget pressure being reported. It is important to note that while the Home to School Transport service has had growth built into the budget of £1.809m to increase the net budget to a total of £12.436m, this budget was not baselined at the 2019/20 final outturn expenditure level of £12.719m. The projected outturn position reflects that while expenditure will reduce in some areas of home to school transport in line with the full-year effect of some 2019/20 savings, there are other areas of home to school transport where the service continues to see an increase in passenger numbers and costs. There is an acknowledged and demonstrable trend of increased SEN passenger numbers, while the service has also experienced an increase in the complexity of the needs of the children that are being transported which has had the effect of increasing the unit cost per passenger. The introduction of a new Post-19 policy - as approved by Cabinet - has imposed a duty on the Council to make transport arrangements for adult learners aged 19 and over attending educational institutions which has resulted in increased expenditure in this area and 2020/21 will be the first year the full-year financial effect of this increase in duties has impacted. The extent of the impact of Covid-19 on home to school transport budgets is still unknown. Initially while schools were closed for lockdown, the Council continued to pay 100% of school transport contract rates to contractors until at least 30 June 2020 for continuity and retention purposes. This was subject to strict conditions that providers were available to deliver a full service and not benefiting from the Coronavirus job retention scheme. In the Autumn Term, the Council received a £0.350m grant from the Department for Education for the first half-term to fund the additional costs of Covid-19. The projected additional costs for this period are difficult to predict.</p>					

CORPORATE BUDGETS	Full Year			RAGY
	Budget £	Forecast £	Variance £	
Total	(6,357,730)	(16,261,833)	(9,904,103)	Y

Corporate Budgets	Portfolio Holder Finance and Corporate Support	(6,357,730)	(9,467,030)	(3,109,300)	Y
<p>A saving of (£0.693m) was identified in the 2019/20 outturn report against MRP for 2020/21. Additionally, an early review of current budget has identified a further MRP saving (£2.250m) and (£0.482m) of Section 31 grant is projected as uncommitted for 2020/21. Funds of £0.400m have been identified to be transferred to reserves, and pressures against interest receivable budget are forecast of £0.292m. This needs to be monitored as the pressure may increase later in the year. This is currently offset by reduced interest payable, currently expected to be (£0.562m). This is also offsetting savings unachieved elsewhere.</p>					
Business Continuity - Covid 19	Portfolio Holder Finance and Corporate Support	-	(6,794,804)	(6,794,804)	Y

<p>The Council has received £22.410m non-ringfenced Covid-19 grant, and this is included in the monitoring position within Corporate Budgets, along with the majority of additional one-off costs incurred, such as the purchasing of PPE, delivery of food parcels and the costs of temporary accommodation for rough sleepers. Net lost income is shown within the appropriate service areas, to show the impact of Covid-19 in the running of ongoing Council services. As additional one-off costs are forecast to be less than the grant received, a proportion of the grant is forecast to be allocated to service areas across the Council, to offset net losses of income caused by the pandemic.</p>					
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FINANCE, GOVERNANCE & ASSURANCE	Full Year			RAGY
	Budget £	Forecast £	Variance £	
Total	2,239,570	3,864,184	1,624,614	R

Audit Services	Portfolio Holder Finance and Corporate Support	1,000	(77,441)	(78,441)	Y
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In year savings of (£0.078m) are anticipated from planned vacancy management.

Finance	Portfolio Holder Finance and Corporate Support	(37,150)	108,862	146,012	R
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In year savings targets are now expected to be achieved, however budget pressures of £0.116m exist in relation to additional staffing costs and £0.035m in relation to additional postage costs above those budgeted. Solutions are being investigated to offset these costs in year.

Pension Administration Services	Portfolio Holder Finance and Corporate Support	35,410	35,410	0	G
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No variation from budget at quarter 2.

Revenues and Benefits	Portfolio Holder Finance and Corporate Support	2,005,150	3,606,541	1,601,391	R
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Pressures of £1.750m are forecast from the interim subsidy return at Quarter 2, due to anticipated net Housing Benefit Subsidy loss related to an increase in homelessness. These pressures are shown against the Revenues and Benefits Team as Housing Subsidy is processed within this team, although the solution requires an organisational response to homelessness that stays within the available funding. Nevertheless, these costs have partly been offset in year by savings from vacancy management within the team of (£0.149m).

Treasury Services	Portfolio Holder Finance and Corporate Support	1,670	1,294	(376)	Y
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Minor variation from budget at Quarter 2.

Commissioning Development and Procurement	Deputy Portfolio Holder Procurement	168,770	158,531	(10,239)	Y
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Minor variation from budget at Quarter 2.

Risk Management and Insurance	Portfolio Holder Finance and Corporate Support	64,720	30,987	(33,733)	Y
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There are currently projected savings of (£0.034m) from expected staff vacancies.

LEGAL AND DEMOCRATIC SERVICES	Full Year			RAGY
	Budget £	Forecast £	Variance £	
Total	453,440	513,580	60,140	A

Democratic Services	Portfolio Holder Finance and Corporate Support	1,800	(29,348)	(31,148)	Y
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In year savings have been identified as a result of additional income (£0.015m), efficiencies against supplies and services budgets (£0.010m), and within elected members' services (£0.016m).

Elections	Portfolio Holder Finance and Corporate Support	440,300	504,435	64,135	A
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Savings of (£0.050m) relating to grant bids for IER (Individual Electoral Registration) are unlikely to be delivered as anticipated and are projected not to be achieved.

Legal Services	Portfolio Holder Finance and Corporate Support	11,340	38,493	27,153	G
<p>There are unachieved savings targets of £0.050m and expected budget pressures of £0.068m related to legal childcare costs. It is likely that there will be further overspends in this area and this will be monitored closely. Overspends have currently been offset by planned savings from vacancy management of (£0.089m).</p>					

PLACE	Full Year			RAGY
	Budget £	Forecast £	Variance £	
Total	57,834,590	64,665,205	6,830,615	R

Director of Place	Portfolio Holder Communities, Place Planning and Regulatory Services	601,760	733,946	132,186	R
<p>The cost centre holds the budget for the required contract savings for the directorate, totalling £0.156m. Savings have not yet been achieved, but contracts across the directorate will be reviewed to establish how the savings can be realised.</p>					

Head of Commercial Services	Deputy Leader and Portfolio Holder Assets, Economic Growth and Regeneration	145,990	246,219	100,229	R
<p>The adverse variance is due to currently unachievable savings of £0.096m required from administrative buildings. The potential for income generation at administrative buildings has been greatly reduced due to home working.</p>					

Corporate Landlord	Deputy Leader and Portfolio Holder Assets, Economic Growth and Regeneration	672,390	557,342	(115,048)	G
<p>Underspends are forecast on the costs of the administrative buildings, in particular on utility costs and on statutory provision to the financing of capital investment (MRP) costs.</p>					

Facilities Management	Deputy Leader and Portfolio Holder Assets, Economic Growth and Regeneration	1,580	(2,894)	(4,474)	Y
<p>Minor variation from budget at Quarter 2.</p>					

Property Services Group	Deputy Leader and Portfolio Holder Assets, Economic Growth and Regeneration	9,270	98,515	89,245	A
<p>There is currently an anticipated income shortfall of £0.070m, primarily due to reduced income from services provided to external organisations. There is also a projected overspend of £0.017m for consultancy services associated with quantity surveyor services that are due to be brought in house later in the year.</p>					

Strategic Asset Management	Deputy Leader and Portfolio Holder Assets, Economic Growth and Regeneration	244,690	567,981	323,291	R
<p>A required saving of £0.100m from sustainability investments has been brought forward from 2019/20. The savings have been achieved however the resulting budget saving is being used to repay the Invest to Save loan and so is not being seen as a saving in revenue figures in 20/21. The budgets anticipated a restructure that would yield £0.073m savings, but this has been delayed and the savings will not be achieved in the current year.</p>					

There are unbudgeted staffing costs of £0.065m for One Public Estate, where funding has now ceased. The area has also £0.085m additional conveyancing and consultancy expenditure.					
Commercial Investment Team	Deputy Leader and Portfolio Holder Assets, Economic Growth and Regeneration	1,296,540	1,010,284	(286,256)	Y
The savings are due to a partial recruitment of this new team and the departure of one of the incumbent managers. Other savings are also being identified which it is anticipated will be used to offset other required savings in Commercial Services.					
Climate Change	Portfolio Holder Adult Social Services and Climate Change	400,000	400,000	-	G
No variation from budget at Quarter 2.					
Shire Services	Deputy Leader and Portfolio Holder Assets, Economic Growth and Regeneration	(9,010)	859,205	868,215	R
The Covid-19 crisis has had a significant impact on this service area. The variance includes £0.426m of unachieved savings from previous years which will not be achieved this year due to the impact the crisis is having on future planning. A review of this area is being undertaken, however the service does not have any reserves to draw down and is likely to need to rely on support from outside the area to reposition itself for the post Covid-19 world. £0.082m of the forecast overspend is due to the repayment of a loan from 19/20 to central funds.					
Head of Economic Growth	Deputy Leader and Portfolio Holder Assets, Economic Growth and Regeneration	272,830	265,915	(6,915)	Y
Minor variation from budget at Quarter 2					
Planning Services	Portfolio Holder Communities, Place Planning and Regulatory Services	2,146,720	2,371,702	224,982	R
Overspends in the region of £0.260m are forecast on supplies and services costs, including legal expenses and consultancy services. In addition, Highways Development Control has moved from Highways and Transport to Planning Services. There are cost pressures in HDC, currently estimated as follows:- • £0.062m relating to additional 'Part 1' claims • An anticipated reduction in inspection fees of £0.035m. These overspends are partially offset by underspends on staffing.					
Economic Growth	Deputy Leader and Portfolio Holder Assets, Economic Growth and Regeneration	1,115,460	1,115,017	(443)	Y
Minor variation from budget at Quarter 2.					
Broadband	Deputy Portfolio Holder Broadband	166,840	166,840	(0)	Y
No variation from budget at Quarter 2.					
Planning Policy	Portfolio Holder Housing and Strategic Planning	716,320	712,892	(3,428)	Y
Minor variation from budget at period Quarter 2.					
Shrewsbury Shopping Centres – Developmental Phase Sites	Deputy Leader and Portfolio Holder Assets, Economic Growth and Regeneration	(1,488,240)	(804,823)	683,417	R

<p>Due to the changed economic landscape, primarily as a result of the Covid-19 pandemic, the proposals for the repurposing of the Pride Hill Shopping Centre, approved by Council in December 2019 are being reviewed. The enabling works to Pride Hill, which are fundamental to any future development are commencing. Since the Quarter 1 report, the Council has been awarded £5.020m LEP funding towards the redevelopment of the Pride Hill Shopping Centre. The Covid-19 pandemic has impacted on the options for the repurposing of the Pride Hill Shopping Centre and the Council has adopted an aspiration for a town centre Civic hub, in which the Pride Hill Shopping Centre may play a part. The future of the Pride Hill and Riverside Shopping Centres are an intrinsic part of the Council's vision for the town centre.</p> <p>The forecast adverse variance of £0.683m reflects income targets that could not be achieved during the redevelopment phase and costs related to holding structure review resulting in an operating shortfall in the short term.</p>					
Shrewsbury Shopping Centres – Operational Sites	Deputy Leader and Portfolio Holder Assets, Economic Growth and Regeneration	(662,230)	(477,364)	184,866	R
<p>As fundamental changes in the retail sector continue, the Darwin Shopping Centre has been subject to several pressures including changing lease renewal negotiations, the Covid-19 pandemic and subsequent delays in development plans. These pressures on the budget have created a reduction in the gross rental and service charge income, offset by forecast use of the unringenced Covid-19 local authority support grant, of £0.265m. There is also further risk associated with rental income as arrears have increased since last year.</p> <p>Additional costs of £0.065m for support and consultancy services as a result of the current pressures and developments are partially offset by savings on rates liabilities of (£0.144m)</p> <p>The centre still delivers an underlying surplus of (£0.044m). The completion of refurbishment works in the centre and the transfer of tenants from Pride Hill would indicate a more positive projection for 21/22, and in the following years a surplus in excess of £0.700m.</p>					
Head of Infrastructure	Deputy Leader and Portfolio Holder Assets, Economic Growth and Regeneration	314,562	313,289	(1,273)	Y
Minor variation from budget at Quarter 2.					
Highways	Portfolio Holder Highways and Car Parking	8,255,228	8,749,914	494,686	R
<p>Highways Operations:- There is additional Kier expenditure forecast as the programme to address gully cleaning has continued into 2020/21, estimated at £0.138m. It is also anticipated that, as a result of the delay of the LED streetlighting replacement programme, savings from energy and maintenance costs will not materialise in 2020/21. This is estimated at £0.211m. These additional costs are partially offset by vacancies within the service area.</p> <p>It is anticipated that Bridges and Structures will require additional resource and contractor works in 2020/21, estimated at £0.180m.</p> <p>It is anticipated that Streetworks income (net) will create a budget surplus of (£0.045m).</p> <p>Highways Governance:- It is anticipated that there will be significant costs associated with insurance claims and claims handling, estimated at £0.170m, but this is partially offset by favourable staffing vacancies during the year.</p>					
Environment and Transport	Portfolio Holder Highways and Car Parking	5,867,930	6,700,515	832,585	R

Public Transport:- It is anticipated that Covid-19 will have a significant impact on costs associated with the provision of public transport, where reduced passenger numbers (and income from fares) will impact the subsidy to the operators. Again, this is less service demand and use of the transport service. Currently this is estimated at £0.269m (after additional Government grant for this activity). The Enterprise Car Scheme is now operational, whereby employees can use an Enterprise vehicle rather than their own personal vehicle. Currently the savings associated with this scheme will be evident (as a reduction) in other service areas' expenditure, however the savings target and costs sit within Environment and Transport. A budget virement is required to reflect this change in expenditure pattern and reimburse the transport budget. This amounts to £0.446m.

Street Scene:- It is currently estimated that there will be in year staffing vacancies within Streetscene, giving a favourable variance of (£0.049m).

Environment and Transport (Strategic):- Currently there is a forecast underspend associated with a reduced programme of road safety education. However, it is anticipated that there will be cost pressures relating to social distancing measures in towns. Currently the Council has been awarded grant funding for 'Reopening High Streets' for social distancing. This grant is fully committed and will be exhausted by Christmas 2020, however additional, unplanned and unbudgeted measures have been requested following advice from Public Health/Public Protection. These measures have been implemented. If there is a further increase in Covid-19 issues and further requests for closures and/or social distancing, such as outside schools, this will result in expenditure in excess of Government grant funding.

Waste Management	Portfolio Holder Culture, Leisure, Waste and Communications	30,906,840	30,758,261	(148,579)	G
In-year savings are being achieved on supplies and services budgets, and a saving is being made by the volume of waste being sent to landfill being less than the budget set in accordance with the contract.					
Head of Homes and Communities	Portfolio Holder Culture, Leisure, Waste and Communications	(319,000)	162,792	481,792	R
The adverse variances here are made up of unachievable savings as follows:- <ul style="list-style-type: none"> • £0.100m savings from the HRA • £0.250m savings from review of temporary housing The costs associated with the Housing Development Manager for the year have been transferred to this area.					
Housing Development and HRA	Portfolio Holder Housing and Strategic Planning	(960,960)	2,530	963,490	R
The majority of the adverse variance is due to unachievable savings of £1.025m from Cornovii Ltd. The revised business plan for the Company approved by the Council earlier in the year set out that this saving would not be achievable in 20/21, but it must also be acknowledged that Covid-19 has delayed the development of this enterprise and at least part of this loss of income should be attributed to the pandemic. The staffing for this enterprise is now in place and the first planning application has been approved and good progress is being made against the revised business plan. The balance of the variance is from budgeted salaries being recharged to the company.					
Head of Culture, Leisure & Tourism	Portfolio Holder Culture, Leisure, Waste and Communications	176,830	288,220	111,390	R
There is an adverse variance in this area relating to staff costs. A full review of Culture, Leisure and Tourism areas has been commenced to identify potential savings and efficiencies throughout the services which it is anticipated will cover these costs on an ongoing basis.					
Arts	Portfolio Holder Culture, Leisure, Waste and Communications	68,390	68,331	(59)	Y
Minor variation from budget at Quarter 2.					
Shropshire Hills AONB	Portfolio Holder Culture, Leisure, Waste and Communications	34,750	53,487	18,737	G
Minor variation from budget at Quarter 2.					

Outdoor Partnerships	Portfolio Holder Culture, Leisure, Waste and Communications	1,025,190	1,085,586	60,396	A
The majority of this variance is due do an historic £0.050m savings requirement that is being reviewed within Culture, Leisure and Tourism.					
Leisure	Portfolio Holder Culture, Leisure, Waste and Communications	2,139,500	2,264,695	125,195	R
There are significant overspends on supplies and services budgets at the in-house leisure facilities, such as on equipment and IT software costs. For example, the service has incurred additional equipment costs when taking over control of the SpArc Centre at Bishops Castle of £0.028m.					
Libraries	Portfolio Holder Culture, Leisure, Waste and Communications	3,356,200	3,429,104	72,904	A
Covid-19 has delayed the review of library services, which it is anticipated will give rise to annual savings of (£0.107m). The service has reduced its annual expenditure to ensure that savings of (£0.030m) are achieved this year. The balance of the in-year savings is from reductions in casual staffing and overtime.					
Museums and Archives	Portfolio Holder Culture, Leisure, Waste and Communications	1,306,830	1,226,314	(80,516)	Y
The majority of the anticipated favourable variance is due to payroll savings, particularly over the lockdown period.					
Theatre Services	Portfolio Holder Culture, Leisure, Waste and Communications	31,390	31,390	0	R
No variation from budget at Quarter 2.					

STRATEGIC MANAGEMENT BOARD	Full Year			RAGY
	Budget £	Forecast £	Variance £	
Total	4,290	(118,236)	(122,526)	Y

Strategic Management Board	Leader and Portfolio Holder Strategy	4,290	(118,236)	(122,526)	Y
Savings of (£0.123m) are anticipated from planned vacancy management. Recruitment plans are to be confirmed and the savings may reduce later in the year.					

WORKFORCE AND TRANSFORMATION	Full Year			RAGY
	Budget £	Forecast £	Variance £	
Total	(246,130)	829,799	1,075,929	R

Customer Services	Portfolio Holder Finance and Corporate Support	599,320	431,577	(167,743)	Y
In-year savings of (£0.168m) are anticipated across Customer Services from a combination of planned vacancy management and reductions in systems costs.					
ICT Digital Transformation Project	Portfolio Holder Organisational	(2,141,550)	640,510	2,782,060	R

	Transformation and Digital Infrastructure				
Combined savings targets relating to the “single front door”, the wider Digital Transformation Programme and potential organisational transformation of £2.787m have not yet been achieved. Work is ongoing to identify and confirm how these savings can be delivered.					
ICT Services	Portfolio Holder Organisational Transformation and Digital Infrastructure	1,283,300	(37,107)	(1,320,407)	Y
Savings of £0.490m have been delayed, partly due to Covid-19 preventing implementation of changes to contracts as planned. Unachieved savings have been offset by vacancy management and by planned one-off expenditure of £1.101m being funded from capital budgets rather than revenue, creating an in year revenue saving.					
Communications	Portfolio Holder Culture, Leisure, Waste and Communications	9,800	(27,264)	(37,064)	Y
In year savings have been achieved due to vacancy management.					
Information, Intelligence and Insight	Portfolio Holder Organisational Transformation and Digital Infrastructure	8,890	(107,906)	(116,796)	Y
There are anticipated in-year savings relating to vacancy management and supplies and services of (£0.117m).					
Human Resources and Organisational Development	Portfolio Holder Finance and Corporate Support	(5,890)	(70,010)	(64,120)	Y
Savings targets of £0.055m are being offset by one-off savings of (£0.159m) from a combination of vacancy management and additional expected income. Lost income relating to Health and Safety training has been identified of 0.040m.					

Appendix 2: Amendments to Original Revenue Budget 2020/21

£000	Total	Adult Services	Children's Services	Corporate Budgets	Finance, Governance and Assurance	Legal and Democratic Services	Place	Strategic Management Board	Workforce and Transformation
Original Budget as Agreed by Council	225,522	118,755	52,873	(5,514)	2,245	439	57,302	(0)	(578)
Quarter 1									
Correction of budget setting error	0	(141)		141					
Q1 Revised Budget	225,522	118,615	52,873	(5,373)	2,245	439	57,302	(0)	(578)
Quarter 2									
Structure change (not virement): Movement of Safer Community Co-ordination from Public Health to Customer Services	0	(254)							254
Reallocation of contract management savings (ref P41) as per Commissioning and Assurance Board	0	51	40		(55)		(28)		(7)
Transfer of non-controllable fleet transport budgets, following transfer of controllable budgets at budget setting							4		
Creation of climate change budget	0			(400)			400		
Correction of salary budgets as a result of 2.75% pay award	0	170	103	(585)	50	14	158	5	86
Q2 Revised Budget	225,522	118,579	53,015	(6,358)	2,240	453	57,835	4	(246)

Details of virements over £140,000 and below £500,000, reported to Cabinet for information**Quarter 1:**

- A budget virement of £0.141m has taken place at Quarter 1 to correct an error that had taken place at budget setting. A budget for pay inflation had been incorrectly allocated to posts within Adult Services that are grant funded. The corresponding grant income should fund any increase in costs of the posts, rather than the Council's base budget.

Quarter 2:

- A budget virement of £0.400m has taken place at Quarter 2 to create a budget for sustainability projects and initiatives as part of the work on climate change that the Council is undertaking.

Details of virements between £500,000 and £1m, reported to Cabinet for information**Quarter 2:**

- Following the announcement of the NJC 2.75% pay award for 2020/21, a virement has taken place to bring salary budgets across the Council into line with the uplifted costs. A pay award of 2% had been assumed at budget setting, and therefore the £0.585m virement represents the remaining 0.75% that had not been included within original budgets.

Appendix 3 – Capital Budget And Expenditure 2020/21

Shropshire Council - Capital Programme Capital Programme 2020/21 - 2023/24 Capital Programme Summary - Quarter 2 2020/21

	Revised Budget Q1 2020/21 £	Budget Virements Q2 £	Revised Budget Q2 2020/21 £	Actual Spend £	Spend to Budget Variance £	% Budget Spend	Outturn Projection £	Outturn Projection Variance £	2021/22 Revised Budget £	2022/23 Revised Budget £	2023/24 Revised Budget £
General Fund											
Adult Services	8,504,734	-2,988,750	5,515,984	905,789	4,610,195	16.42%	5,515,984	0	6,200,000	3,200,000	0
Children's Services	17,869,859	-6,208,091	11,661,770	1,706,591	9,955,179	14.63%	11,661,770	0	18,378,313	5,500,000	0
Place	74,206,645	-5,296,418	68,910,226	15,588,548	53,321,678	22.62%	68,910,226	0	89,552,933	76,143,274	0
Workforce & Transformation	2,394,901	0	2,394,900	446,447	1,948,453	18.64%	2,394,900	0	0	0	0
Total General Fund	102,976,139	-14,493,259	88,482,880	18,647,375	69,835,505	21.07%	88,482,880	0	114,131,246	84,843,274	0
Housing Revenue Account	24,938,679	-13,638,000	11,300,680	869,001	10,431,679	7.69%	11,300,680	0	18,700,000	18,700,000	14,000,000
Total Approved Budget	127,914,818	-28,131,259	99,783,560	19,516,376	80,267,184	19.56%	99,783,560	0	132,831,246	103,543,274	14,000,000

Portfolio Holder	Revised Budget Q1 2020/21 £	Budget Virements Q2 £	Revised Budget Q2 2020/21 £	Actual Spend £	Spend to Budget Variance £	% Budget Spend	Outturn Projection £	Outturn Projection Variance £	2021/22 Revised Budget £	2022/23 Revised Budget £	2023/24 Revised Budget £
General Fund											
Adult Social Services and Climate Change	8,237,607	-2,988,750	5,248,857	905,789	4,343,068	17.26%	5,248,857	0	6,200,000	3,200,000	0
Assets, Economic Growth and Regeneration	33,807,031	-12,176,120	21,630,911	1,886,841	19,744,070	8.72%	21,630,911	0	47,555,367	21,370,649	0
Broadband	10,646,123	-5,000,000	5,646,123	-294,859	5,940,982	-5.22%	5,646,123	0	5,000,000	0	0
Children's Services	618,462	0	618,462	104,122	514,340	16.84%	618,462	0	0	0	0
Communities, Place Planning and Regulatory Services	300,809	35,671	336,480	65,001	271,479	19.32%	336,480	0	0	0	0
Education	17,251,399	-6,208,091	11,043,308	1,602,469	9,440,839	14.51%	11,043,308	0	18,378,313	5,500,000	0
Highways and Car Parking	26,936,263	12,795,332	39,731,595	13,757,657	25,973,938	34.63%	39,731,595	0	34,397,566	54,772,625	0
Housing and Strategic Planning (General Fund)	2,430,773	-951,301	1,479,472	156,248	1,323,224	10.56%	1,479,472	0	2,600,000	0	0
Leisure, Waste and Communications	352,772	0	352,772	17,660	335,112	5.01%	352,772	0	0	0	0
Transformation and Digital Infrastructure	2,394,900	0	2,394,900	446,447	1,948,453	18.64%	2,394,900	0	0	0	0
Total General Fund	102,976,139	-14,493,259	88,482,880	18,647,375	69,835,505	21.07%	88,482,880	0	114,131,246	84,843,274	0
Housing Revenue Account											
Housing and Strategic Planning (HRA)	24,938,680	-13,638,000	11,300,680	869,001	10,431,679	7.69%	11,300,680	0	18,700,000	18,700,000	14,000,000
Total Approved Budget	127,914,819	-28,131,259	99,783,560	19,516,376	80,267,184	19.56%	99,783,560	0	132,831,246	103,543,274	14,000,000

Shropshire Council - Capital Budget Monitoring Report Quarter 2 2020/21

	Revised Budget Q1 2020/21 £	Budget Virements Q2 £	Revised Budget Q2 2020/21 £	Actual Spend £	Spend to Budget Variance £	% Budget Spend	Outturn Projection £	Outturn Projection Variance £	2021/22 Revised Budget £	2022/23 Revised Budget £	2023/24 Revised Budget £
General Fund											
Adult Services	8,504,734	(2,988,750)	5,515,984	905,789	4,610,195	0	5,515,984	0	6,200,000	3,200,000	0
Contracts & Provider Capital	0	0	0	0	0	0	0	0	0	0	0
Housing Services Capital	6,843,313	(3,549,705)	3,293,608	533,464	2,760,144	0	3,293,608	0	6,200,000	3,200,000	0
Public Health Capital	0	0	0	0	0	0	0	0	0	0	0
Public Protection Capital	267,127	0	267,127	0	267,127	0	267,127	0	0	0	0
Social Care Operations Capital	1,394,294	560,955	1,955,249	372,325	1,582,924	0	1,955,249	0	0	0	0
Children's Services	17,869,861	(6,208,091)	11,661,770	1,706,591	9,955,179	0	11,661,770	0	18,378,313	5,500,000	0
Children's Residential Care Capital	618,462	0	618,462	104,122	514,340	0	618,462	0	0	0	0
Non Maintained Schools Capital	2,088,692	119,296	2,207,988	23,051	2,184,937	0	2,207,988	0	4,000,000	0	0
Primary School Capital	11,359,523	(4,304,389)	7,055,134	991,485	6,063,649	0	7,055,134	0	10,004,304	5,000,000	0
Secondary School Capital	1,113,980	2,003	1,115,983	28,220	1,087,763	0	1,115,983	0	2,000,000	0	0
Special Schools Capital	36,796	109,856	146,652	19,200	127,452	0	146,652	0	0	0	0
Unallocated School Capital	2,652,408	(2,134,857)	517,551	540,512	(22,961)	1	517,551	0	2,374,009	500,000	0
Place Capital - Commercial Services	33,556,151	(18,188,565)	15,367,586	1,308,200	14,059,386	0	15,367,586	0	39,678,000	20,000,000	0
Corporate Landlord Capital	33,556,151	(18,188,565)	15,367,586	1,308,200	14,059,386	0	15,367,586	0	39,678,000	20,000,000	0
Place Capital - Economic Growth	13,361,458	96,815	13,458,273	505,031	12,953,242	0	13,458,273	0	15,477,367	1,370,649	0
Broadband Capital	10,646,123	(5,000,000)	5,646,123	(294,859)	5,940,982	(0)	5,646,123	0	5,000,000	0	0
Development Management Capital	33,682	35,671	69,353	65,001	4,352	1	69,353	0	0	0	0
Economic Growth Capital	250,880	6,012,445	6,263,325	578,641	5,684,684	0	6,263,325	0	7,877,367	1,370,649	0
Planning Policy Capital	2,430,773	(951,301)	1,479,472	156,248	1,323,224	0	1,479,472	0	2,600,000	0	0
Place Capital - Homes & Communities	27,772	0	27,772	17,660	10,112	1	27,772	0	0	0	0
Leisure Capital	21,463	0	21,463	17,660	3,803	1	21,463	0	0	0	0
Outdoor Partnerships Capital	6,309	0	6,309	0	6,309	0	6,309	0	0	0	0
Visitor Economy Capital	0	0	0	0	0	0	0	0	0	0	0
Place Capital - Infrastructure	27,261,263	12,795,332	40,056,595	13,757,657	26,298,938	0	40,056,595	0	34,397,566	54,772,625	0
Environment & Transport Capital	0	0	0	0	0	0	0	0	0	0	0
Highways Capital	26,936,263	12,795,332	39,731,595	13,757,657	25,973,938	0	39,731,595	0	34,397,566	54,772,625	0
Waste Capital	325,000	0	325,000	0	325,000	0	325,000	0	0	0	0
Workforce & Transformation	2,394,900	0	2,394,900	446,447	1,948,453	0	2,394,900	0	0	0	0
ICT Digital Transformation - CRM Capital	456,695	0	456,695	73,350	383,345	0	456,695	0	0	0	0
ICT Digital Transformation - ERP Capital	188,854	0	188,854	336,210	(147,356)	2	188,854	0	0	0	0
ICT Digital Transformation - Infrastructure & Archi	66,012	0	66,012	2,486	63,526	0	66,012	0	0	0	0
ICT Digital Transformation - Social Care Capital	185,217	0	185,217	34,400	150,817	0	185,217	0	0	0	0
ICT Digital Transformation - Unallocated Capital	1,498,122	0	1,498,122	0	1,498,122	0	1,498,122	0	0	0	0
Total General Fund	102,976,139	(14,493,259)	88,482,880	18,647,375	69,835,505	0	88,482,880	0	114,131,246	84,843,274	0
Housing Revenue Account	24,938,680	(13,638,000)	11,300,680	869,001	10,431,679	0	11,300,680	0	18,700,000	18,700,000	14,000,000
HRA Dwellings Capital	24,938,680	(13,638,000)	11,300,680	869,001	10,431,679	0	11,300,680	0	18,700,000	18,700,000	14,000,000
Total Approved Budget	127,914,819	(28,131,259)	99,783,560	19,516,376	80,267,184	0	99,783,560	0	132,831,246	103,543,274	14,000,000

Shropshire Council - Capital Programme 2020/21- 2023/24

Financing	Revised Budget Q1 2020/21	Budget Virements Q2	Revised Budget Q2 2020/21	2021/22 Revised Budget	2022/23 Revised Budget	2023/24 Revised Budget
	£	£	£	£	£	£
Self Financed Prudential Borrowing	41,770,336	(30,504,978)	11,265,358	49,588,000	30,910,000	10,000,000
Government Grants						
Department for Transport	18,014,738	14,233,016	32,247,754	24,922,289	53,862,625	-
- Rapid Electric Vehicle Charging Points Grant	11,386	0	11,386	-	-	-
Ministry of Housing, Communities & Local Gov						
- Land Release Fund	280,343	-	280,343	-	-	-
- Housing Infrastructure Fund	250,880	327,912	578,792	6,405,669	1,312,187	-
Department for Health - Better Care Fund	4,703,354	(2,000,000)	2,703,354	2,000,000	-	-
Department for Health - HOLD Grant	1,971,962	(1,000,000)	971,962	4,200,000	3,200,000	-
Department for Education						
- Condition Capital Grant	1,528,620	744,029	2,272,649	-	-	-
- Basic Need Capital Grant	5,663,742	(5,099,742)	564,000	6,099,742	500,000	-
- Devolved Formula Capital	987,930	(118,517)	869,413	1,657,722	-	-
- Special Provision Funds	681,104	(450,000)	231,104	450,000	-	-
- Healthy Pupils Capital Grant	13,606	-	13,606	-	-	-
- Full Fibre Broadband	156,602	15,406	172,008	-	-	-
Department for Communities and Local Government						
- Community Housing Fund	361,296	(100,000)	261,296	-	-	-
Disabled Facilities Grant (Additional)	-	-	-	-	-	-
Education Funding Agency						
- Early Years Capital Fund	124,009	(124,009)	-	124,009	-	-
HCA - Travellers	-	-	-	31,465	-	-
HCA - New Build	3,320,000	(3,000,000)	320,000	-	-	3,000,000
BDUK - Broadband	667,633	-	667,633	3,000,000	3,000,000	-
Environment Agency	933,379	-	933,379	-	-	-
DEFRA	125,095	(125,095)	-	-	-	-
Local Enterprise Partnership (LEP) Fund	1,426,940	7,064,133	8,491,073	-	-	-
	41,222,618	10,367,133	51,589,751	48,890,896	61,874,812	3,000,000
Other Grants						
Historic England/English Heritage	-	-	-	-	-	-
Natural England	-	-	-	-	-	-
Other Grants	1,185,437	(913,695)	271,742	-	-	-
	1,185,437	(913,695)	271,742			
Other Contributions						
Section 106	4,108,571	60,671	4,169,242	-	-	-
Community Infrastructure Levy (CIL)	6,315,986	811,026	7,127,012	12,736,975	58,462	-
Other Contributions	3,483,598	(3,273,909)	209,689	6,627,449	-	-
	13,908,155	(2,402,212)	11,505,943	19,364,424	58,462	
Revenue Contributions to Capital	5,505,005	(1,098,063)	4,406,942	2,014,293	2,000,000	1,000,000
Major Repairs Allowance	6,207,444	362,000	6,569,444	3,700,000	3,700,000	
Corporate Resources (expectation - Capital Receipts only)	18,115,824	(3,941,444)	14,174,380	9,273,633	5,000,000	
Total Confirmed Funding	127,914,818	(28,131,259)	99,783,560	132,831,246	103,543,274	14,000,000

Funding Changes - Quarter 2

Budget Increase/Decrease	2020/21	2021/22	2022/23	2023/24	Details
Self Financed Prudential Borrowing	(1,826,978)				Reduction in Prudential Borrowing in relation to the Tannery Medical Centre (£1,500,000) and the Parking Strategy project (£325,678)
Government Grants					
Department for Transport					
- Highways Maintenance Grant	(1,315,000)	(937,000)	(937,010)		Removal of Highways Maintenance Grant pending reassessment of the LED Street Lighting scheme.
- Pothole Action Fund	11,570,000				Pothole Action Fund grant award.
- Incentive Grant	2,765,000				Incentive Fund indicative award.
Ministry of Housing, Communities & Local Gov					
- Housing Infrastructure Fund	327,912	6,405,669	1,312,187		Allocation of Homes England Housing Infrastructure Fund to reflect anticipated delivery of the Oswestry HIF scheme.
Department for Education					
- Condition Capital Grant	744,029				Confirmation of additional DfE Scholl Condition grant of £744,029
- Devolved Formula Capital	385,787				Notification of 2020/21 DFC grant funding of £421,783.
- Full Fibre Broadband	15,406				Payment of DFC balances to Thomas Adams School (£21,874) and Oakmeadow Rimary School (£14,122) following academy conversion.
Department for Communities and Local Government					Additional DfE Full Fibre Broadband grant for Woodlands School.
- Community Housing Fund	(100,000)				Transfer of Community Housing Grant of £100,000 to revenue for Community Led Schemes.
Local Enterprise Partnership (LEP) Fund	7,064,133				New awards of LEP funding in relation to the Oswestry HIP scheme (£5,000,000) and Tannery Medical Centre scheme (£2,064,133)
Total Government Grants	21,457,267	5,468,669	375,177	-	
Other Grants					
Other Grants	11,250				ERDF grant award of £11,250 for Greenacres Cycle Path.
Total Other Contributions	11,250	0	0	0	
Other Contributions					
Section 106	60,671				£51,918 contribution to Market Drayton Improving Open Spaces scheme.
Community Infrastructure Levy (CIL)	811,026	1,471,698	58,462		£8,753 contribution to the Whitchurch, Old Rectory scheme 2020/21
Other Contributions	3,500				£662,327 contribution to Oswestry HIF.
Total Other Contributions	875,197	1,471,698	58,462	-	£148,699 contribution to CIL Project Grants.
Revenue Contributions to Capital	1,025,000				£1,471,698 contribution to Oswestry HIF.
Major Repairs Allowance	362,000				£58,462 contribution to Oswestry HIF.
Corporate Resources (expectation - Capital Receipts only)	21,318				Public and private sector contributions to for a local heritage asset find acquisition.
					£1,000,000 general fund revenue contribution to Corporate Landlord Programme.
					£25,000 school revenue contribution to DFC scheme at Pontesbury Primary.
					Additional contribution from MRA of £362,000 for the HRAhousing stock repair programme.
					New grant award under the Market Drayton Business Grant Scheme funded from capital receipts.
					Reduction in required capital receipts funding of £888 in relation to completed projects.
	21,925,054	6,940,367	433,639	-	

Re-Profiling					
Adult Services					
Disabled facilities Grants	(2,000,000)	2,000,000			Reprofiling of DoH Better Care Fund Disabled Facilities grant to reflect the future programme.
HOLD Project	(1,000,000)	1,000,000			Reprofiling of DoH HOLD grant to reflect the anticipated expenditure profile.
Children's Services					
Condition Capital Grant	(300,000)	300,000			Re-profiling of Condition capital grant to reflect expected
Devolved Formula Capital Scheme	(504,304)	504,304			Re-profiling of DFC capital grant to reflect expected expenditure.
Haughmond School Amalgamation Programme	(6,000,000)	6,000,000			Reprofiling of £5,100,000 Basic Need funding and £900,000 capital receipts to reflect the anticipated expenditure profile.
SEND Special Provision Funds	(450,000)	450,000			Reprofiling of SEND Special Provision Funds to reflect anticipated expenditure profile.
Early Years Capital Fund	(124,009)	124,009			Reprofiling of Early Years Capital Fund to reflect anticipated expenditure profile.
Place					
Broadband	(5,000,000)	5,000,000			Re-profiling of private sector contributions of £3,327,449 and capital receipts of £1,672,551 to reflect expected expenditure.
Commercial Investments	(15,000,000)	15,000,000			Reprofiling of Prudential Borrowing requirement in relation to future commercial investments to reflect anticipated expenditure profiles.
Whitchurch Medical Practice	(4,678,000)	4,678,000			Reprofiling of Prudential Borrowing requirement (£3,678,000) and NHS grant (£1,000,000) in relation to Whitchurch Medical Practice to reflect anticipated expenditure profiles.
Shrewsbury Self Build Scheme	(1,000,000)	1,000,000			Reprofiling of capital receipts in relation to Shrewsbury Self Build Scheme to reflect anticipated expenditure profile.
Housing Revenue Account					
STaR New Build Phase 5	(14,000,000)			14,000,000	Re-profiling of £10,000,000 Prudential Borrowing, £3,000,000 Homes & Communities Agency New Build grant and HRA revenue contributions of £1,000,000 to reflect expected expenditure.
	(50,056,313)	36,056,313			
				14,000,000	