



<u>Committee and Date</u>	<u>Item</u>
Performance Management Scrutiny Committee 1 st December 2021	 <u>Public</u>

Financial Monitoring 2021/22 Quarter 2

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1. Synopsis

- 1.1 This is the second quarterly Financial Monitoring Report for 21/22 covering the period April to September 2021 and showing an improved financial position. The main budget variances and mitigating plans are outlined to help bring expenditure within budget by year end.

2. Executive Summary

- 2.1 The report sets out the projected revenue expenditure for the financial year 2021/22 as at Quarter 2, and the Capital expenditure up to the end of Quarter 2.

The key issues highlighted by this report are:

- The projected revenue outturn position remains within the control corridor identified at Quarter 1 (£2.591m to £9.731m) and is estimated to be £4.363m.
- Action across all areas of the Council has reduced the projected overspend by £2.968m since Quarter 1 and further action will continue over the remainder of the year to bring the budget into balance.
- The projected General Fund balance as at 31st March 2022 is currently below the recommended level, making it difficult to fund additional one-off overspends or shortfalls in income in-year.
- Without close monitoring and 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 up to £1.700m.
- The projected capital outturn is £118.178m, in line with the current budget.
- Current capital expenditure of £27.914m, representing 23.6% of the budget at Quarter 2, with 50% of the year elapsed.
- In 2021/22 capital receipts are currently projected to be sufficient to finance the capital programme, with a small surplus of £3.439m currently projected at the year end.
- In 2022/23 and 2023/24 onwards capital receipts are currently projected to be lower than those required for the programme to a value of £34.810m and £40.916m respectively. Therefore, urgent

action is required to progress assets identified for disposal in both the current and future years.

- 2.2 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.
- 2.3 This report is identical to the report presented to Cabinet on 1 December 2021, apart from the recommendations contained in section 3 below.

3. Recommendations

- 3.1 It is recommended that Members:
- A. Note that at the end of Quarter 2 (30th September 2021), the full year revenue forecast is a potential overspend of £4.363m;
 - B. Consider the impact of this on the Council's General Fund balance;
 - C. Highlight any areas of concern for consideration by this committee's financial strategy task and finish group; and
 - D. Make any recommendations to Cabinet or Council that it sees fit to.

REPORT

4. Risk Assessment and Opportunities Appraisal

- 4.1 The management of the Council's Budget is a key process in ensuring the strategic risks are mitigated and the Council can carry out the business as intended and planned for within the Financial Strategy. One of the Council's strategic risks is the "Inability to Deliver a Balanced Budget" and full budget accountability across the Council with budget holders participating fully with the financial policies and monitoring is a key control in mitigating this risk.
- 4.2 When the Council set the Financial Strategy in February 2021, which underpins this report, it took into account the requirements of the Human Rights Act, any necessary environmental appraisals and the need for Equality and Social Inclusion Impact Assessments (ESIIA) and any necessary service user consultation.

5. Financial Implications

- 5.1 This report sets out the financial projections for the Council in the 2021/22 Financial Year. Full details of projected spend in both the revenue and capital budgets are detailed in sections 8 -12 of this report.

6. Climate Change Appraisal

- 6.1 The Council's Financial Strategy supports its strategies for Climate Change and Carbon Reduction in a number of ways. The future programme includes programmes to support a range of initiatives such as moving to LED street lighting, enabling agile and mobile working dramatically, reducing travel and support for Park and Ride schemes to reduce car emissions within the

town centres. A specific climate change revenue budget has been established in 2021/22 and further details about spend in this area is included in Appendix 1 to this report. The climate change schemes involving the Council's assets or infrastructure are included within the capital programme of which further detail can be found within Appendix 8.

7. Background

- 7.1 Budget monitoring reports are produced monthly for Executive Directors, and quarterly for Cabinet, reporting on the period from May (period 2) to February (period 11) of each financial year, highlighting the anticipated year end projection.
- 7.2 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.
- 7.3 Capital schemes are also reported on an exception basis, based on being delivered within budget and the expectation of being delivered within scheme timeframe.

8 Revenue Monitoring 2021/22 Budget - Overall Position

- 8.1 The Council approved a gross revenue budget of £554.318m and a net budget of £208.647m at its meeting on 25th February 2021. This net budget is after approving a savings programme of £9.804m.
- 8.2 At Quarter 2, the Council is reporting a forecast overspend of £4.363m. This position includes the Covid-19 additional spending and income losses, which are being offset in full by emergency grant funding.
- 8.3 The table below summarises the position by service:

Table 1 - Projected Outturn Variance by Service

Directorate	Revised Budget (£m)	Forecast Outturn (£m)	(Under) / Overspend (£m)	RAGY Classification
Corporate Budgets	(50.196)	(52.129)	(1.933)	Y
Health and Wellbeing	3.280	2.952	(0.327)	Y
People	186.293	189.317	3.024	A
Place	68.274	70.203	1.929	R
Resources	0.996	2.686	1.690	R
Strategic Management Board	0	(0.020)	(0.020)	Y
Total	208.647	213.010	4.363	R

- 8.4 The forecast year end position for the Council is revised and reported each month. Management action is already in train to reduce the projected year-end overspend and has resulted in a reduction in the projected overspend of £2.968m since Quarter 1. Further management action will continue and the effect of any management decisions taken will be reflected in future reports.

- 8.5 The majority of the forecast overspend can be summarised as:
- Children’s social care pressures – staffing, agency staff, direct payments, internal residential home costs, legal costs – c£2.5m
 - Temporary housing costs and housing benefits subsidy loss – c£1.3m
 - Commercial losses, unachieved income and market shifts – Commercial investments, Shire Services, Shrewsbury Shopping Centres, Corporate Landlord – c£1.7m
 - Unachieved historical digital transformation savings – c£2.2m
 - Offset by one-off underspends across the Council – staffing, project expenditure, MRP, use of grant funding - (£3.3m)
- 8.6 The movement from the forecast outturn position at Quarter 2 is summarised in Appendix 2.
- 8.7 The forecast impact of Covid-19 in 2021/22 is included within the monitoring position. The Council has received £7.632m unringfenced Covid-19 grant in 2021/22 and this is fully allocated to additional costs and loss of income incurred at present, there is not forecast to be a revenue budget deficit in 2021/22 as a result of the pandemic. Additional costs and loss of income are detailed in Appendix 3. It should be noted that all Public Health costs of managing the response to the pandemic are being funded separately from the specific Contain Outbreak Management Fund grant.

9. Update on Savings Delivery

- 9.1 The savings projections for 2021/22 have been RAG rated and are presented in Appendix 4. These projections show that 41% of the 2021/22 savings required have been rated as green with a further 17% with plans in place to be delivered (rated amber).
- 9.2 Managers have provided assurance that plans are in place to deliver the savings that have been categorised as amber. There remains a risk that these savings could impact on the outturn position for 2021/22. 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 Appendix 5 and would leave the General Fund balance at an unsustainable level.

10 Analysis of Outturn Projections including Ongoing Budget Pressures

- 10.1 The forecast outturn position of £4.363m overspend (see paragraph 8.2 above) includes ongoing budget pressures identified, as well as new pressures identified and one-off solutions to reduce the projected overspend. Appendix 6 provides a list of the ongoing budget pressures that the Council is facing and Appendix 7 reconciles the monitoring position to savings delivery, including budget pressures, ongoing and one-off, as well as one-off solutions. Appendix 1 provides further analysis of the projected outturn position for each service area.
- 10.2 Significant further work is required within service areas to find an ongoing basis for managing and funding the ongoing budget pressures identified so

that further growth is not required within the Financial Strategy, leading to an increase in the funding gap.

11 General Fund Balance

- 11.1 The effect on the Council's reserves of the outturn forecast is detailed below. The Council takes a risk-based approach to determining the target balance for the General Fund. These figures were significantly increased within the risk-based review a few years ago, reflecting the remaining funding gap in these years as set out in the current Financial Strategy, and the significant level of risk associated with the uncertainty over local government funding.
- 11.2 The General Fund reserve at 31st March 2021 stood at £14.091m, significantly below its optimum desired balance.
- 11.3 Based on the current monitoring position, the General Fund balance would reduce significantly by year-end, to just £9.727m. This is not considered sustainable and, as stated elsewhere in the report, actions are already agreed to mitigate the overspend in-year.

12 Movement in Capital Programme for 2021/22

- 12.1 The capital budget for 2021/22 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 £0.245m for 2021/22, compared to the position reported at Quarter 1 2021/22. Appendix 9 summarises the overall movement, between the already approved, changes for Quarter 2 and the programme financing.
- 12.2 Within the financing of the Capital Programme £3.510m is funded from revenue contributions. A breakdown of revenue contributions to capital is provided at Appendix 10.
- 12.3 A budget addition of £0.620m is required in the Capital Programme which will be funded from Section 106 Affordable Housing Developer Contributions. This amount will be paid over to Wrekin Housing Trust for the development of 71 affordable rented dwellings on the Paul's Moss development site in Whitchurch, which will deliver specialist housing alongside modern healthcare facilities. As this addition to the capital programme is over £0.500m, Cabinet approval is sought for this virement.

Actual versus Planned Expenditure to Date

- 12.4 The actual capital expenditure at Quarter 2 is £27.914m, which represents 23.6% of the revised capital budget at Quarter 2, 50% of the year. This is low in comparison to the total budget, but in line with the average expenditure percentage at this period in previous years.
- 12.5 The level of spend is 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 11.6% (budget £10.230m), Children's Services 30.2% (budget £20.946m), Place 24.9%

(budget £77.138m), Workforce & Transformation 1.4% (budget £0.593m), HRA Major Repairs & New Build Programme 12.8% (budget £9.271m).

Capital Receipts Position

- 12.6 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. Appendix 11 summarises the current allocated and projected capital receipt position across 2021/22 to 2024/25. 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.
- 12.7 The projected capital receipts for the next four years are set out in Appendix 9. Based on the current programme and capital receipts in hand and projected as Green for 2021/22, the programme is affordable and there will be a balance of £3.439m to carry forward.
- 12.8 In 2022/23 and 2023/24 there are currently projected shortfalls of capital receipts of £34.810m and £40.916m respectively, which may need to be financed from Prudential Borrowing and will incur future year revenue costs that are not budgeted for in the revenue financial strategy. 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.

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

Financial Strategy 2021/22 – 2025/26

Financial Rules

Financial Monitoring Report – Quarter 1 2021/22

Cabinet Member (Portfolio Holder)

Gwilym Butler – Portfolio Holder - Resources

Local Member

Appendices

Appendix 1 – 2021/22 Projected Budget Variations by Service

Appendix 2 – Movement In Projections Between Q1 And Q2

Appendix 3 – COVID-19 Additional Expenditure and Income

Appendix 4 – Update on Delivery of 2021/22 Savings Proposals

Appendix 5 – Effect of Non-Delivery of Amber Savings in 2021/22

Appendix 6 – Ongoing Budget Pressures

Appendix 7 – Reconciliation of Monitoring Projections to Savings Delivery

Appendix 8 – Amendments to Original Budget

Appendix 9 – Revised Capital Programme 2021/22

Appendix 10 – Breakdown of Schemes Funded by Revenue Contributions to
Capital

Appendix 11 – Projected Capital Receipts Position

APPENDIX 1**2021/22 PROJECTED BUDGET VARIATIONS BY SERVICE****1.1 Summary**

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)

In addition, given the level of savings proposals identified for delivery in 2021/22, 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

Directorate	Budget £	Forecast £	Variance £	RAG
Corporate Budgets	(50,195,940)	(52,128,666)	(1,932,726)	Y
Health and Wellbeing	3,279,520	2,952,342	(327,178)	Y
People	186,293,120	189,317,211	3,024,091	A
Place	68,273,710	70,202,726	1,929,016	R
Resources	996,210	2,686,490	1,690,280	R
Strategic Management Board	190	(19,847)	(20,037)	Y
TOTAL	208,646,810	213,010,256	4,363,446	R

1.2 Detail by Service Area

CORPORATE BUDGETS	Full Year			RAGY
	Budget £	Forecast £	Variance £	
Total	(50,195,940)	(52,128,666)	(1,932,726)	Y

Corporate Budgets	Portfolio Holder Resources	(50,224,840)	(52,157,567)	(1,932,727)	Y
A pressure of £0.173m has been confirmed in relation the loss of the WME profit share. This has been offset by expected additional income from interest receivable budgets of (£0.137m) and forecast underspends against non-distributable costs of (£0.099m). Additionally, savings of (£1.877m) have been confirmed against MRP budgets, assuming that no additional borrowing will be required in year.					
Business Continuity - Covid 19	Portfolio Holder Resources	28,900	28,900	0	G
No variation from budget at Quarter 2.					

HEALTH AND WELLBEING	Full Year			RAGY
	Budget £	Forecast £	Variance £	
Total	3,279,520	2,952,342	(327,178)	Y

Regulatory Services	Portfolio Holder Adult Social Care and Public Health	2,951,270	2,619,447	(331,823)	Y
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There is a projected underspend of (£0.332m) within the Regulatory Services section of Health and Wellbeing. The major variances are as follows:

- £0.175m of unachieved savings in relation to restructuring the services and increasing income that are not expected to be achieved, partly due to resources being assigned to handling the Covid-19 outbreak.
- (£0.102m) underspends due to delays in recruiting to vacant posts.
- (£0.405m) underspends as a result of staffing resources reassigned to handling the Covid-19 pandemic being funded by the Contain Outbreak Management Fund grant.

Non Ring Fenced Public Health Services	Portfolio Holder Adult Social Care and Public Health	283,390	288,035	4,645	G
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Minor variation from budget at Quarter 2.

Ring Fenced Public Health Services	Portfolio Holder Adult Social Care and Public Health	44,860	44,860	0	G
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No variation from budget at Quarter 2.

PEOPLE	Full Year			RAGY
	Budget £	Forecast £	Variance £	
Total	186,293,120	189,317,211	3,024,091	A

People Directorate Management	Portfolio Holder Adult Social Care and Public Health	3,218,170	3,256,105	37,935	G
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Due to senior management staffing changes in this area, there is a small one-off monitoring pressure due to temporary vacancy cover via an agency and one-off recruitment and staff advertising expenditure.

Adult Social Care Business Support and Development	Portfolio Holder Adult Social Care and Public Health	3,755,550	3,607,086	(148,464)	Y
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There is a projected underspend within Business Support and Development of (£0.148m). A summary of the major variances is as follows:

- (£0.052m) underspend on Business Support. This is largely down to staffing and costs associated with posts, due to anticipated delays in appointing to vacant posts.
- (£0.031m) underspend on Joint Training and the Professional Development Unit. This is largely down to reduced staffing costs.
- (£0.066m) underspend within Enable, due to the generation of additional income from external contracts

Adult Social Care Management	Portfolio Holder Adult Social Care and Public Health	875,500	858,054	(17,446)	Y
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Minor variation from budget at Quarter 2.

Adult Social Care Provider Services	Portfolio Holder Adult Social Care and Public Health	3,616,020	3,633,836	17,816	G
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Minor variation from budget at Quarter 2.

Adult Social Care Operations	Portfolio Holder Adult Social Care and Public Health				Y
<p>There is a projected underspend within Social Care Operations of (£0.024m). Although this is a minor variation to the budget at Quarter 2, the size of the budget requires the following detail in relation the current position:</p>		107,195,780	107,171,421	(24,359)	
<p>• (£0.516m) underspend within the staffing budget due to delays in recruiting to vacant posts. This is mainly within the community social work teams.</p> <p>Service Mitigation – We are in the process of recruiting to key posts, that best support where resources need to be used.</p> <p>•£0.103m overspend on delivery costs. The two main pressures are within assistive technology (telecare equipment) and void supported living costs, where the lease costs of a property are not covered by tenants' Housing Benefit income. This is partly offset by reduced transport costs.</p> <p>Service Mitigation - We continue to work in a collaborative way with our partners, to best utilise funding that supports void arrangements within supported living, supporting people with more complex care needs to live independent lives at home through a tenancy arrangement. In order that people are assured that the service remains of high quality, provides good outcomes and is affordable, in this regard we ensure with commissioning that these factors remain under regular monitoring and review, including ensuring that we are maximising the benefits from DFG funds to support community equipment in people's own homes. The alternative to a supportive living service for many people with highly complex care and support needs, often working age, would be a care home place; a position that would not work to support our local vision to support people to lead a life that they want to live, which is independent at home, with the right level of support.</p> <p>•£0.389m overspend across the purchasing budget. Adult Social Care experienced a significant movement in its purchasing ability that took place just after Quarter 1 reporting, whereby the Council experienced a shift in the care and support marketplace, resulting in increased costs in both domiciliary care and care home placements. The Council's ability to purchase within expected local price points has been further challenged, meaning that 40% of the care and support marketplace is operating within our local price points and 60% is not within our local price points and which, therefore, presents further pressures to expenditure. This challenging position is mirrored by a national shortage within the domiciliary care marketplace, and that also impacts on our local care providers, who are struggling to recruit and maintain staffing levels, following the direct impact of the pandemic, but also as a result of care staff making the decision to leave the sector. The result of this is that the Council is supporting people into short-term residential care placements which are more expensive than planned, and are as a direct result of the lack of availability. It is widely believed that this unavailability in the domiciliary care market is a result of the Covid-19 "aftermath" and the impacts that Covid-19 is still having on workforce resources. The vulnerable older people entering social care now have more increased care needs, and so caution is required when reviewing ongoing growth assumptions, so to plan for any increase in cases, as we move towards winter and the unrepresented nature in how the pandemic impacts the marketplace and the people that the Council supports.</p> <p>Service Mitigation - As part of our continued approach to mitigate these unfolding risks, we continue to have conversation with Health partners, regarding how Health funds allocated to CCGs can be used to support community and social care now and looking forward, so to support people to remain safe at home, in their community, accessing the right services, at the right time.</p> <p>Following the Q1 reporting, working across commissioning and operational services, we have robustly put in place a strategic action plan to target our approach to ensure that we increase our purchasing ability, working proactively with care providers, and whereby we are also targeting our staffing resources across our services to focus on people with essential needs. These action plans mitigate the risk over a 4 to 6 month monitoring period, so to reduce the risk of expenditure increasing. The plans also include working with care providers regarding the approach to recruitment and retention across Shropshire and in our drive to continue to work with quality-led organisations that deliver good quality outcomes to people that are best value and affordable. We have somewhat offset this as we are not reaching the level of demography growth anticipated at budget setting, meaning we are not seeing the level of new people we expected entering social care, but we are seeing new levels of complexity in peoples' need, which is impacting both the marketplace and our own operational staffing resources, meaning, for our own staff, the time it now takes to complete a care act assessment for a person with more complex care needs is now longer.</p>					

•Further savings have been achieved through a reduction in reliance on block purchased beds, and more Continuing Health Care income than budgeted for is being received, due to the complex nature of people who access and use social care services, meaning that a significant number attract funding contributions from Shropshire CCG.

•The main current pressure at Quarter 2 is due to the revision of the provision for bad debt. This has increased by £0.800m within Social Care Operations. The overall debt in Social Care Operations that is over 6 months old stands at £6.684m, which is an increase from £6.005m as at 31st March 2021.

Service Mitigation - In terms of our robust debt recovery planning, we know from our experience that the first notification of any level of debt impacting a vulnerable person is key in resolving and recouping any costs owing to the Council, whereby we can put in place payment interventions that work best with the vulnerable person or with representatives of that vulnerable person. We are clear that the Care Act 2014 enables us to only recover funds up to the sixth year, after which time "having taken all routes" we are legally obligated to write off the debt, unless still within the legal decision-making process, at a cost impact to adult social care. The work to support people to pay the Council funds outstanding, that has become a debt owing, is highly complex in nature and often involves legal, court of protection, client affairs, skilled workers and finance partners to work together to resolve. Often it is linked to a person's property assets or as a result of a person passing away, with added family complications, that are simply not easy to resolve. Throughout this process, our focus remains on the vulnerable adults that we support, so they are fully assured they continue to receive important social care services, in meeting their assessed need. At Quarter 2 we are now in the process of reviewing our approach to debt prevention that remains within the legal framework underpinned by the Care Act 2014 duties and wider legal duties to ensure that all parties working to support an improved position are doing so under a single revised operating framework, so that the newly presenting complexity of people's needs and more recently national legal challenges regarding charging and debt recovery are considered and a clear action plan is put in place, to protect the most vulnerable, in these very difficult times. We have therefore mitigated some of this cost pressure, by offsetting against one-off carried forward reserves of (£0.350m), which means the pressure is reduced to £0.450m. In the event that debt is recovered as expected, then less of the reserve will be utilised, as we monitor activity over Quarter 3 reporting.

Housing Services	Portfolio Holder Adult Social Care and Public Health	3,101,170	3,703,411	602,241	R
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There is a projected overspend within Housing Services of £0.602m. The major variances are as follows:

- (£0.410m) underspend on staffing due to anticipated in-year staff vacancies and an impending staffing restructure.

Service Mitigation - We continue to review staffing vacancies and are in the process of a staff restructure to ensure that the service can respond to the increasing complexity of clients presenting with housing need.

- £0.120m net overspend relating to carried forward 20/21 savings, following application of (£0.180m) Covid-19 grant. We are anticipating that £0.200m of the £0.316m unachieved savings will be achieved in the medium-term, so this pressure is largely one-off in nature.

- (£0.066m) underspend due to one-off reduced service delivery costs across services such as the handyperson team.

Service Mitigation - We are developing an invest to save business case in order to develop the handyperson scheme and operate as an income generating scheme via private works.

- £0.957m anticipated overspend on temporary accommodation, due to an unprecedented number of homelessness cases. The nature of the demand also means that the Housing service is incurring large security and repair costs that are not being covered by Housing Benefit payments. Cost savings targets have been proposed by reducing the reliance on more expensive bed and breakfast usage and a review of security costs. This is an ongoing pressure which is unlikely to be fixed in the short-term, and budget growth may be required to address the current growth pressures.

Service Mitigation - The number of households presenting as homeless has doubled during Covid-19. The Council has a statutory duty to accommodate those individuals in temporary accommodation but has a lack of 'in house units' and therefore relies heavily on B&B provision. The Temporary Accommodation Programme Board is looking at alternative options to B&B placements, which will significantly reduce the costs associated with temporary accommodation as well as increase outcomes for those vulnerable households we support. The Housing restructure also seeks to focus on prevention of homelessness, thereby reducing the need for temporary accommodation.

Children's Social Care and Safeguarding	Portfolio Holder Children's and Education	42,998,830	45,499,693	2,500,863	R
<p>The largest forecast overspend within Children's Social Care relates to staffing. A budget pressure of £1.047m is forecast across the service area. Most of this pressure has continued from the previous financial year 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. Although significant growth of £1.667m was built into the budget for a number of social workers 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. The service remains focused on recruitment and retention but there is an issue around social worker recruitment and retention with national recognition that the number of social workers enrolling on to social worker courses remains static, the Department for Education data predicting an annual shortage of qualifying social workers compared to annual vacancies of 1,720 and rising across all Local Authorities, an increase in the number of qualified social workers leaving the profession compared to the number of new entrants and an increase in demand which is highly anticipated to only increase further as recent Covid-19 restrictions are lifted. Shropshire's geographical location and dispersed population and difference in neighbouring local authorities immediate pay and reward packages has exacerbated these national issues at a local level. 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 also embarked on an invest to save strategy to grow our own workforce by creating social workers that are local, with good knowledge of local issues and services, and have a long-term commitment to working in Shropshire. The programme of developing our own Social Work Hub aims to create a local pathway to qualification with preferred providers either being in Shropshire or within reasonable commuting distance. To date 8 social work apprentices were appointed in January 2020 and a further 6 started in January 2021. This strategy of training our own social workers is a long-term strategy that will ensure that the local supply of qualified social workers in the market will be sufficient when future vacancies are advertised.</p> <p>At the end of the 2018/19 financial year, the Council embarked on a strategy to develop additional in-house internal residential provision. There is an overspend of £0.573m across all of the Council's internal residential homes. This overspend relates to staffing pressures whereby existing staff have worked additional hours to provide additional support to the children accommodated at these homes. A full review of the budgets at the Council's internal residential homes is required to gain a better understanding of this.</p> <p>There is a £0.060m budget pressure forecast within the Placements budget area. This relates to a shortfall in contributions received from Education and Health partners towards joint funded, Social Care led placements compared with the budgeted amount. What is not reflected in this £2.501m overall Children's Social Care budget pressure is the £1.285m ongoing budget pressure on placements expenditure as this pressure has been offset by the Council's Covid-19 Support Grant this year. It is important to note that this grant contribution is a one-off for 2021/22 hence the £1.285m will be a budget pressure in 2022/23 onwards unless growth is built into the budget or further savings can be achieved in the Placements budget area through stepping-down children from higher cost placements to lower cost placements where appropriate. The Stepping Stones Project Invest to Save strategy is a long term strategy with a system-wide transformation to provide an integrated service for young people who are either in care, edging to, or on the edge of care to ensure that the young person is not passed from service to service but instead supported by a dedicated operational team at a multi-disciplinary hub. This project is intended to build capacity in order to allocate resources more effectively. This project is designed to manage the predicted growth in expenditure within placements and to achieve the £2.000m savings outlined within the Council's Financial Strategy whilst enabling the Council to continue to fulfil its statutory duties.</p> <p>There is a £0.315m budget pressure forecast in the Disabled Children's Team. The budget pressure relates to Direct Payments (£0.205m) and bespoke, short term care packages of prevention and support for Disabled Children (£0.110m). This is an area which has seen a significant increase in demand.</p> <p>The remaining £0.506m overspend relates to one-off monitoring pressures on non-staffing budgets such as legal/barrister fees, medical assessments, transport recharges and interpreting fees across several social work teams. Some growth was built into the budget for 2021/22 but these costs have increased in line with the sharp increase in demand elsewhere in the service.</p>					

Children's Early Help, Partnerships and Commissioning	Portfolio Holder Children's and Education	2,643,610	2,575,217	(68,393)	Y
The (£0.068m) one-off monitoring saving relates to temporary vacancy managements savings, where there have been delays in recruiting staff to Family Support Worker roles at the Council's 6 Early Help family hubs.					
Learning and Skills	Portfolio Holder Children's and Education	18,888,490	19,012,388	123,898	G
The largest forecast overspend within Learning and Skills relates to home to school transport, with a £0.094m overspend forecast against a £12.703m budget.					
The main area of expenditure growth in home to school transport is within the SEND transport budgets. Here, we have seen a 20% increase in actual expenditure from 2017/18 to 2020/21. The reasons for this are a combination of increased SEND passenger numbers, increased complexity of passengers leading to more bespoke transport arrangements and increased parental expectations as a result of increased knowledge and awareness of the guidance. Within this budget area, we have seen a particularly large increase in relation to transport costs for the Council's pupil-referral unit. This is as a consequence of an unprecedented increase in passenger numbers and more bespoke transport arrangements.					
The remaining £0.030m overspend relates to one-off budget monitoring pressures within Learning and Skills Business Support and the Educational Psychology Service.					
Central DSG	Portfolio Holder Children's and Education	-	-	-	G
There is a (£0.362m) surplus reported against Central Dedicated Schools Grant (DSG). This is largely due to an in-year projected underspend reported on the High Needs Block of DSG. Significant growth has been allocated to this budget for 2021-22; the High Needs Block DSG allocation was significantly increased by £3.751m from £28.016m in 2020-21 to £31.767m in 2021-22. This is partly due to the funding floor factor in the high needs national funding formula for 2021-22 providing for every local authority to receive an underlying increase of at least 8% per head of 2 to 18 population. The other explanation for the increase is that the High Needs Block DSG now incorporates the Teachers Pay and Pension grant for both special schools and alternative provision settings. While the expenditure continues to increase year on year, the forecasted spend has not increased by as much as the increase in High Needs Block DSG allocation. This is particularly true of expenditure on Post 16 FE College placements where this budget was increased by £0.581m in anticipation of significant growth in numbers of pupils and expenditure, however we are currently reporting a (£0.331m) underspend against this budget.					
A small proportion of high-cost, low incident cases can disproportionately impact the High Needs Block DSG financial position. We know that many young people have been adversely impacted over the past 18 months and this is no different for SEND children, and may well be even more pronounced. The impact over this period has the potential to see the number of vulnerable children and young people presenting with complex mental health and behavioural needs requiring provision increasing and this will have a knock on effect on the High Needs Block DSG as we meet the needs of this cohort.					
While there is an in-year surplus or underspend being reported on the DSG, the cumulative DSG financial position being forecast is a £0.311m deficit at the end of the 2021-22 financial year, when taking into account the cumulative deficit brought forward from previous years. There are a number of strategies in play to address this deficit on the DSG with the aim of bring the Council's DSG account back into balance. These include;					
<ul style="list-style-type: none"> - 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 					

PLACE		Full Year			RAGY
		Budget £	Forecast £	Variance £	
Total		68,273,710	70,202,726	1,929,016	R
Director of Place	Portfolio Holder Communities, Culture, Leisure and Tourism, Transport	838,950	841,168	2,218	G
Minor variation from budget at Quarter 2.					
Assistant Director Commercial Services	Portfolio Holder Physical Infrastructure (Highways, Built Housing, Assets)	95,660	198,543	102,883	R
This forecast overspend relates to an unachievable savings target of £0.092m in relation to contract negotiation. A further pressure includes a consultancy review in relation to Shire Services resulting in unbudgeted expenditure of £0.011m.					
Corporate Landlord	Portfolio Holder Physical Infrastructure (Highways, Built Housing, Assets)	1,217,520	1,333,673	116,153	R
There is £0.092m unbudgeted expenditure in relation to Shropshire Local. A business case is being drafted to secure the funding, however, in the meantime this remains a pressure within Corporate Landlord. The remaining variance relates to unachieved savings in relation to the efficiencies in admin buildings savings target. At a time of transition in the use of admin buildings, the Strategic Asset Management team is working to achieve this target in the long term. The uncertainty around the future needs within admin buildings is making this challenging.					
Property & Development	Portfolio Holder Physical Infrastructure (Highways, Built Housing, Assets)	50,860	698,584	647,724	R
Delays to projects and the collapse of a potential acquisition relating to commercial investment has resulted in £1.946m currently being forecast as an unachievable saving against the commercial investment savings target this year. The majority of this is offset by one-off savings on MRP (£0.889m) and by a lease surrender (£0.326m). There is also a £0.070m pressure due to the need for additional valuations across a significant portion of the estate which were not budgeted for.					
Commercial Services Business Development	Portfolio Holder Physical Infrastructure (Highways, Built Housing, Assets)	-	968	968	G
Minor variation from budget at Quarter 2.					
Climate Change	Portfolio Holder Climate Change, Natural Assets and the Green Economy	1,042,520	422,520	(620,000)	Y
Review of the Climate Change task force budget indicates that there will be an underspend of (£0.620m) this year.					
Shire Services	Portfolio Holder Physical Infrastructure (Highways, Built Housing, Assets)	429,100	1,031,958	602,858	R

This area has a £0.401m savings target which is currently projected as unachievable. In addition, in the area's budget review process, further deficits of £0.221m have been identified which the service is seeking to address. These losses have been mitigated, in part, by delays in replacing staff leaving the service.					
Assistant Director Economy & Place	Deputy Leader and Portfolio Holder Economic Growth, Regeneration and Planning				
		263,820	270,127	6,307	G
Minor variation from budget at Quarter 2.					
Planning Services	Deputy Leader and Portfolio Holder Economic Growth, Regeneration and Planning				
		2,016,840	2,118,938	102,098	R
Street Naming & Numbering and Land Charges:- It is currently estimated that net income will be slightly greater than budget at (£0.017m) Building Control:- It is anticipated that there will be additional costs of £0.062m in dealing with enforcement issues and dangerous structures. Natural and Historic Environment:- There is an adverse variance of £0.022m associated with expected income and temporary staffing arrangements. Planning:- It is currently estimated that there will be a small net underspend of (£0.031m) mainly resulting from a small number of large planning applications. Highways Development Control:- There are cost pressures resulting from anticipated additional 'Part 1 claims' (whereby a resident can claim compensation from the Council as a result of Council initiated highway schemes), estimated at £0.008m. There are net additional costs resulting from agency/contractor support of £0.044m and there is also an anticipated reduction in inspection fee income of £0.015m.					
Economic Growth	Deputy Leader and Portfolio Holder Economic Growth, Regeneration and Planning				
		1,150,670	1,186,671	36,001	G
Shropshire Council has committed to contribute towards external organisations (Marches LEP: £0.040m and Shropshire Chamber of Commerce: £0.004m). Previously these were funded through one-off grants, and more recently through cost savings, neither of which are available in 2021/22.					
Broadband	Portfolio Holder Digital, Data and Insight				
		171,870	171,870	-	G
No variation from budget at Quarter 2.					
Planning Policy	Deputy Leader and Portfolio Holder Economic Growth, Regeneration and Planning				
		839,650	839,221	(429)	Y
Minor variation from budget at Quarter 2.					
Shrewsbury Shopping Centres (Commercial)	Portfolio Holder Physical Infrastructure (Highways, Built Housing, Assets)				
		(121,530)	183,679	305,209	R
As fundamental changes in the retail sector continue, Darwin Shopping Centre has been subject to several pressures including negotiating less favourable lease renewals, tenants leaving and delays to relocations from Pride Hill. These on-going pressures on the budget have created an estimated projected reduction in income that totals £0.386m. This reduction in income is partially offset by savings of (£0.227m) on premises-related expenditure. Further pressures come from estimated projected net overspends of £0.132m on supplies and services. Other pressures of £0.014m on the shopping centre management are a result of additional on-shoring legal fees relating to last year.					

Shrewsbury Shopping Centres (Development)	Deputy Leader and Portfolio Holder Economic Growth, Regeneration and Planning	512,770	504,609	(8,161)	Y
Whilst gaining vacant possession of the Pride Hill Centre continues, ongoing enabling works continue to mitigate for rates liabilities. Savings projected are a result of savings in premises-related expenditure and supplies and services of (£0.096m), partially offset by a reduction of income of 0.073m. Meanwhile Riverside Shopping Centre retains some tenants on inclusive leases and there are estimated projected budget pressures on premises-related expenditure and services and supplies of £0.013m, and £0.002m on income.					
Assistant Director Infrastructure	Portfolio Holder Physical Infrastructure (Highways, Built Housing, Assets)	224,540	212,798	(11,742)	Y
Minor variation from budget at Quarter 2.					
Environment and Transport	Portfolio Holder Communities, Culture, Leisure and Tourism, Transport	9,027,370	9,138,891	111,521	A
Public Transport:- It is currently estimated that there could be cost savings in this service area amounting to (£0.245m) (assuming no significant amendments to the current Covid/social distancing guidance). Street Cleansing and Grounds Maintenance:- There are some small favourable variances, mainly due to staffing/resource issues, currently estimated at (£0.007m). Parking:- It remains difficult to assess the continued impact of Covid-19, the speed of recovery and the new behaviours that are starting to emerge. In addition, there is also the loss of the Smithfield carpark in Bridgnorth (due to sale by the owner). A combination of these factors is anticipated to have a significant impact on net parking income in 2021/22, currently estimated at £1.498m. However, after application of (£1.131m) Covid-19 support grants, this reduces the net position to a shortfall of £0.367m. Work to track demand and assess behaviour changes continues and is constantly reviewed to inform the current forecast. Strategic:- Currently it is estimated that recharging staff costs to capital projects will reduce net revenue costs by (£0.017m).					
Highways	Portfolio Holder Physical Infrastructure (Highways, Built Housing, Assets)	8,397,310	8,732,326	335,016	R
Highways (Operations) - Whilst significant improvements have been made to reduce the cost per repair and adopting a policy of permanent repairs wherever possible (less repairs of a temporary nature). It continues to remain a challenge to adequately resource and deliver revenue repairs within the current budgets. At this point it is anticipated that this service area will incur additional costs of £0.055m. Highways (Bridges, Structures and Drainage) - Again, with this service area the focus is to deliver permanent (capital) improvements, however, there continues to be pressure on delivering revenue activities. It is anticipated there will be additional costs of £0.102m. A significant proportion of this is associated with legal expenses and additional staff resource. Highways (Streetworks) - For 2021/22 the net income target has been increased significantly. At this point there are encouraging signs that net income will be slightly up on budget, at (£0.100m). Highways (Governance) - Further to the notes above (Highways Operations), it is anticipated that the service will require additional resource in the assessment of asset condition and planning/programming of works, currently estimated at £0.276m.					
Waste Management	Portfolio Holder Climate Change, Natural Assets and the Green Economy	31,693,810	31,883,650	189,840	G

The forecast overspend of £0.190m is derived from estimates for the collection volume adjustment (directly related to the additional number of households waste is collected from compared to the base case model) and the landfill reconciliation payment, which is the difference between the expected landfill volume and the actual landfill volume in a financial year. As the year progresses, we are hopeful that landfill tonnages per month will reduce, reducing the total landfill payment due for the year, and therefore reducing the forecast overspend.					
Assistant Director Homes and Communities	Portfolio Holder Communities, Culture, Leisure and Tourism, Transport	105,880	105,880	(0)	Y
No variation from budget at Quarter 2.					
Housing Development and HRA	Portfolio Holder Physical Infrastructure (Highways, Built Housing, Assets)	49,940	49,940	0	G
No variation from budget at Quarter 2.					
Bereavement Services	Portfolio Holder Communities, Culture, Leisure and Tourism, Transport	(243,610)	(242,758)	852	G
Minor variation from budget at Quarter 2.					
Registrars and Coroners	Portfolio Holder Communities, Culture, Leisure and Tourism, Transport	687,490	681,482	(6,009)	Y
Minor variation from budget at Quarter 2.					
Trading Standards and Licensing	Deputy Leader and Portfolio Holder Economic Growth, Regeneration and Planning	707,200	582,325	(124,875)	Y
There is a projected underspend of (£0.125m) within the Trading Standards and Licensing section of Place. The major variances are as follows:					
<ul style="list-style-type: none"> • £0.175m of unachieved savings in relation to restructuring the services and increasing income that are not expected to be achieved, partly due to resources being assigned to handling the Covid-19 outbreak. • £0.220m of implementation costs in relation to the replacement of service-critical IT software systems. • (£0.092m) underspends due to delays in recruiting to vacant posts. • (£0.428m) underspends as a result of staffing resources reassigned to handling the Covid-19 pandemic being funded by the Contain Outbreak Management Fund grant. 					
Head of Culture, Leisure & Tourism	Portfolio Holder Communities, Culture, Leisure and Tourism, Transport	330,550	332,262	1,712	G
Minor variation from budget at Quarter 2.					
Arts	Portfolio Holder Communities, Culture, Leisure and Tourism, Transport	72,470	57,746	(14,724)	Y
Minor variation from budget at Quarter 2.					
Shropshire Hills AONB	Portfolio Holder Climate Change, Natural Assets and the Green Economy	40,300	40,300	(0)	Y
No variation from budget at Quarter 2.					
Outdoor Partnerships	Portfolio Holder Communities, Culture, Leisure and Tourism, Transport	1,189,210	1,186,714	(2,496)	Y

Minor variation from budget at Quarter 2.					
Leisure	Portfolio Holder Communities, Culture, Leisure and Tourism, Transport	2,455,650	2,480,313	24,663	G
Minor variation from budget at Quarter 2.					
Libraries	Portfolio Holder Communities, Culture, Leisure and Tourism, Transport	3,411,380	3,466,446	55,066	A
The library service is undergoing a 'transformation review' which will report later in the year. Part of this work is to deliver the £0.071m recurrent savings target which is shown as unachieved this year. Review of the staffing structure has identified annual savings which will achieve this target in 2022/23. The service has worked to reduce expenditure in year to mitigate this unachievable saving, mainly through delays in replacement of staff who have left the service.					
Museums and Archives	Portfolio Holder Communities, Culture, Leisure and Tourism, Transport	1,457,110	1,533,058	75,948	A
Acton Scott Museum has had to close from 24 th June and no income is anticipated for the remaining 9 months of the year. This has caused the projected outturn for the museum to be £0.082m over the allotted budget. This overspend is offset, in part, by underspends across the rest of the service.					
Theatre Services	Portfolio Holder Communities, Culture, Leisure and Tourism, Transport	158,410	158,825	415	G
Minor variation from budget at Quarter 2. (Covid-19 continues to have a significant impact upon the Theatre. Currently it is hoped that performances (although nowhere near normal) can be significantly increased in the second half of the year. The Cultural Recovery grant of (£0.533m), together with Covid-19 loss of income support of (£0.277m) will minimise the variance for the service.)					

RESOURCES	Full Year			RAGY
	Budget £	Forecast £	Variance £	
Total	996,210	2,686,490	1,690,280	R

Customer Services	Portfolio Holder Resources	443,860	116,700	(327,160)	Y
Savings have been identified from the reduction of contract costs relating to service delivery of face-to-face services, from vacancy management and from the application of one-off Covid-19-related grants to fund staff costs.					
ICT Digital Transformation Project	Portfolio Holder Digital, Data and Insight	(2,424,240)	(183,983)	2,240,257	R
This area contains the historic DTP savings target for the Council which has not been achieved. Partial savings relating to telephones have been identified and are incorporated into this forecast, pending a virement to allocate them out to services. The remaining elements of this historic target will be considered as part of the future Financial Strategy.					
ICT Services	Portfolio Holder Digital, Data and Insight	74,580	(143,827)	(218,407)	Y
Budget pressures in relation to software licensing and income of £0.196m have been identified. These have offset by in-year savings from vacancy management and supplies and services of (£0.414m).					
Communications & Engagement	Leader and Portfolio Holder Policy and Strategy,	(5,030)	(82,973)	(77,943)	Y

	Improvement and Communications				
Savings identified in-year are from expected vacancy management.					
Information, Intelligence and Insight	Portfolio Holder Digital, Data and Insight	(64,560)	(106,675)	(42,115)	Y
Savings identified in-year are from expected vacancy management.					
Human Resources and Organisational Development	Portfolio Holder Resources	(766,080)	(1,138,917)	(372,837)	Y
Vacancy management efficiencies and the receipt of some additional one-off income across Human Resources and Organisational Development have been identified as in-year savings at Quarter 2.					
Audit Services	Portfolio Holder Resources	160	(79,945)	(80,105)	Y
Savings identified in-year are from expected vacancy management. There are plans to recruit to vacant posts and, therefore, the level of savings may reduce in future forecasts.					
Finance	Portfolio Holder Resources	149,470	242,227	92,757	A
Due to pressures across Finance, it has been necessary to bring in additional staffing resource via agencies, resulting in increased costs for this financial year. A review of budgets was completed and, where possible, savings have been used to offset the additional expenditure being incurred.					
Pension Administration Services	Portfolio Holder Resources	60,720	68,040	7,320	G
Minor variation from budget at Quarter 2.					
Revenues	Portfolio Holder Resources	2,463,910	2,170,873	(293,037)	Y
There are savings identified at Quarter 2 relating to vacancy management. It is likely that some of these vacancies will need to be recruited to in-year and that the identified vacancy management savings may reduce. However, this will likely be offset by the receipt of some one-off "new burdens" grant funding.					
Housing Benefits	Portfolio Holder Resources	(385,860)	341,332	727,192	R
Pressures regarding the Housing Benefit subsidy continue to be experienced in the current financial year. In 2021/22 this service area is forecast to benefit from (£1.140m) of the unringfenced Covid-19 grant, meaning that a significant budget gap remains to be resolved in future years.					
Treasury Services	Portfolio Holder Resources	(64,420)	(55,235)	9,185	G
Minor variation from budget at Quarter 2.					
Commissioning Development and Procurement	Portfolio Holder Resources	70,000	29,880	(40,120)	Y
The in-year savings are as a result of one-off vacancy management.					
Risk Management and Insurance	Portfolio Holder Resources	145,490	113,571	(31,919)	Y
An underspend is forecast on staffing, however, budgets where savings are expected from vacancy management may be required to support additional staffing requirements later in the year. The service is currently being reviewed and additional resources may be required for the future.					
Democratic Services	Portfolio Holder Resources	90	(66,181)	(66,271)	Y
Additional income in relation to education appeals has been achieved (£0.028m), with the remaining in year savings identified across various supplies and services budgets.					
Elections	Portfolio Holder Resources	1,282,050	1,273,333	(8,718)	Y

Minor variation from budget at Quarter 2.					
Legal Services	Portfolio Holder Resources	16,140	(76,769)	(92,909)	Y
In-year savings have been identified, mainly from vacancy management within the service. These savings are not sustainable for future years.					
Information Governance and Scrutiny	Portfolio Holder Resources	20	14,770	14,750	G
Minor variation from budget at Quarter 2.					
Legal Services – Child Care	Portfolio Holder Resources	(90)	250,270	250,360	R
The pressure against legal child care costs continues to increase and is being monitored closely. In year unringfenced Covid-19 grant of (£0.249m) has been applied to offset some of the increased pressures. A review of options is currently being undertaken with a view to increasing staff levels in future years in order to reduce external legal costs, in order to address the increasing budget gap.					

STRATEGIC MANAGEMENT BOARD	Full Year			RAGY
	Budget £	Forecast £	Variance £	
Total	190	(19,847)	(20,037)	Y

Chief Executive & PAs	Leader and Portfolio Holder Policy and Strategy, Improvement and Communications	190	(19,847)	(20,037)	Y
Minor variation from budget at Quarter 2.					
Programme Management	Leader and Portfolio Holder Policy and Strategy, Improvement and Communications	-	-	-	G
No variation from budget at Quarter 2.					

APPENDIX 2**MOVEMENT IN PROJECTIONS BETWEEN Q1 AND Q2**

Directorate	Q1 Variance (£'000)	Q2 Variance (£'000)	Movement (£'000)	Key Reasons for Movement
Corporate Budgets	(92)	(1,933)	(1,840)	Release of MRP budget, assuming no additional borrowing required in year
Health and Wellbeing	80	(327)	(407)	Application of Contain Outbreak Management Funding to offset costs of staff time spent on Covid-19-related activities
People	1,884	3,024	1,140	<ul style="list-style-type: none"> Increased adult social care spot purchasing contracts, partly due to the shortage of hours available in the domiciliary care market, and therefore an increase in the number of short-term residential/nursing agreements Forecast year-end increase to the adult social care provision for unpaid debt, following a review of outstanding debt Increased Disabled Children's Team prevention and support payments and direct payments, due to increase in demand
Place	3,026	1,929	(1,096)	<ul style="list-style-type: none"> Reduction to forecast commercial investment income, following delays to major commercial projects Underspend on Climate change activities now anticipated Improved income forecasts and reduced costs for Shrewsbury Shopping Centres Reduced forecast bus subsidy costs Improved car park income forecasts Application of Contain Outbreak Management Funding to offset costs of Trading Standards staff time spent on Covid-19-related activities
Resources	2,457	1,690	(767)	<ul style="list-style-type: none"> Application of Covid-19 grant to offset further relevant costs and loss of income Application of Contain Outbreak Management Fund grant and other specific grants to cover relevant staff costs Reduced forecast expenditure on staff, travel costs and supplies and services costs

Strategic Management Board	(23)	(20)	3	Minor variations
Total	7,331	4,363	(2,968)	

APPENDIX 3**COVID-19 ADDITIONAL EXPENDITURE AND LOSS OF INCOME****2.1 Summary****2021/22 Forecast Covid-19
Funding Position**

	£
2021/22 Covid-19 Un-Ringfenced Grant	7,632,211
Forecast Additional Costs	3,879,463
Forecast Net Loss of Income	3,508,548
Forecast Unachieved Savings	244,200
Total Forecast Use of Grant	<u>7,632,211</u>

2.2 Detail

Covid-19 Additional Expenditure Area (Included within Corporate Budgets within Monitoring Position)	Expenditure as at 30th September 2021 (£'000)	Forecast Expenditure to 31st March 2022 (£'000)
Adult Social Care	24	44
Children's Social Care	154	2,774
Learning and Skills	9	9
Economic Growth		180
Highways and Transport	148	155
Leisure	3	48
Finance		50
IT		1
Legal Services (Child Care)	6	274
Democratic Services	4	4
Lockdown Compliance and Reopening Costs	14	60
Employee Homeworking Allowance		280
Total	361	3,879

Covid-19 Loss of Income	2021/22 Forecast Net Loss of Income Due to Covid-19 (£'000)	Loss of Sales Fees and Charges Income to be Claimed from DLUHC (£'000)	Cultural Recovery Fund Grant (£'000)	Contribution from Unringfenced Covid-19 Grant to Fund Remaining Loss (£'000)	2021/22 Forecast Net Loss of Income Due to Covid-19, After Central Government Compensation (£'000)
Service Area					
Adult Social Care Provider Services	20	(14)		(6)	0
Adult Social Care Operations	27			(27)	0
Housing	15			(15)	0
Learning and Skills	58			(58)	0
Revenues and Benefits	1,332			(1,332)	0
Corporate Landlord	221			(221)	0
Shrewsbury Shopping Centres	151			(151)	0
Environment and Transport - Parking	1,131	(147)		(984)	0
Waste Management	236			(236)	0
Leisure	145	(47)		(98)	0
Libraries	10	(7)		(3)	0
Museums and Archives	90	(28)		(62)	0
Theatre Services	810		(533)	(277)	0
HRA	38			(38)	0
Total	4,285	(243)	(533)	(3,509)	0

APPENDIX 4

UPDATE ON DELIVERY OF 2021/22 SAVINGS PROPOSALS

3.1 Summary

The savings projections for 2021/22 have been RAG rated in order to establish the deliverability of the savings and any potential impact on the outturn projection for the 2021/22 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.

The table below summarises the position as at 30th September 2021.

Service Area	Red £'000	Amber £'000	Green £'000	Total Savings £'000
Corporate Budgets	-	-	-	-
Health and Wellbeing	350	-	-	350
People	208	1,075	2,932	4,216
Place	2,340	355	785	3,480
Resources	1,181	270	307	1,758
Strategic Management Board	-	-	-	-
Council	4,080	1,700	4,024	9,804
	42%	17%	41%	

Within the 2020/21 outturn report presented to Council on 15th July 2021 there is a commitment to deliver £5.954m of undelivered 2020/21 red savings in 2021/22 on an ongoing basis, plus the £3.850m new savings in 2021/22; £9.804m in total.

The figures presented above show that 42% of the 2021/22 savings required have been rated as green with a further 17% with plans in place to be delivered (rated amber).

Managers have provided assurance that plans are in place to deliver the savings that have been categorised as amber. There remains a risk that these savings could impact on the outturn position for 2021/22. 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 Appendix 4. Non-delivery of the amber rated savings would result in a projected outturn overspend of £6.064m which would leave the General Fund balance at an unsustainable level.

3.2 Breakdown of Red Savings

Ref	Directorate	Service Area	Description	Financial Year Saving Originally Required	2021/22 Saving Required (£'000)	Value Rated Red (£,000)
2A46R	Health and Wellbeing	Regulatory Services	Regulatory Services 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.	2020/21	175	175
2A22	Health and Wellbeing	Ring Fenced Public Health Services	Out of hours cover	2020/21	25	25
2A20	Health and Wellbeing	Ring Fenced Public Health Services	Review of ring-fenced Public Health services	2020/21	150	150
2A03	People	Housing Services	External income generation	2020/21	100	100
A26	People	Provider Services	Remodel day services offer	2020/21	64	64
2C10	People	Children's Social Care and Safeguarding	Reduction in use of agency workers	2020/21	44	44
2A46R	Place	Trading Standards and Licensing	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.	2020/21	175	175
P41	Place	Assistant Director Commercial Services	Negotiate contract savings upon renewal, through better contract management	2020/21	92	92
P41	Place	Head of Culture, Leisure and Tourism	Negotiate contract savings upon renewal, through better contract management	2021/22	50	42
P35	Place	Corporate Landlord	Efficiencies within administrative buildings	2021/22	500	85

P39	Place	Property and Development	Raise income from investment in assets	2021/22	2,000	1,946
2WT23	Resources	ICT Digital Transformation Project	Lean review of Shropshire Council structures and processes linked to transformation, single front door and digital enabling technologies	2020/21	1,181	1,181
TOTAL					4,557	4,080

APPENDIX 5**EFFECT OF NON-DELIVERY OF AMBER SAVINGS IN 2021/22**

Service Area	Quarter 2 Projected Outturn	Amber Savings	Potential Outturn if Amber Savings not Achieved
	£'000	£'000	£'000
Corporate Budgets	(1,933)	-	(1,933)
Health and Wellbeing	(327)	-	(327)
People	3,024	1,075	4,099
Place	1,929	355	2,284
Resources	1,690	270	1,960
Strategic Management Board	(20)	-	(20)
Total	4,363	1,700	6,064

APPENDIX 6**ONGOING BUDGET PRESSURES**

Directorate	Service / Description	Nature of Pressure	Value (£'000)
Corporate Budgets	Other Corporate	WME profit share	173
People	Housing - Temporary Accommodation	Demography	958
People	Children's Social Care Placements	Demography	1,285
People	Children's Social Care Social Work Teams	Staff budget	58
People	Children's Social Care Internal Residential Placements	Staff budget	281
People	Children's Social Care Medical Assessments and Legal Costs	Demography	291
People	Children's Social Care Short Breaks Contract	Demography	59
Place	Shire Services	Historic unachieved savings	401
Place	Economic Growth	Grants and contributions to other organisations	44
Place	Environment and Transport (Parking)	Historic unachieved savings	517
Place	Environment and Transport (Parking)	Closure of car park	247
Place	Environment and Transport (Parking)	Changes in behaviour, post pandemic	150
Place	Libraries	Historic unachieved savings	72
Resources	Housing Benefits	Housing Benefit Subsidy loss	1,897
Resources	Legal Services - Child Care	Demography	500
Resources	Communications	Lost external SLA income	33
Resources	ICT	Software licenses	113
Resources	Digital Income Target	Unachieved commercial income	22
Resources	DTP - Transformation Savings	Historic unachieved savings	1,185
TOTAL			8,286

APPENDIX 7**RECONCILIATION OF MONITORING PROJECTIONS TO SAVINGS DELIVERY**

	Q2 Forecast Variance	Savings Pressure in 2021/22	Ongoing Monitoring Pressures Identified	Ongoing Monitoring Savings Identified	One Off Monitoring Pressures Identified	One Off Monitoring Savings Identified
	£000	£000	£000	£000	£000	£000
Corporate Budgets	(1,933)		173			(2,106)
Business Continuity – Covid-19	0				3,879	(3,879)
Corporate Budgets	(1,933)	0	173	0	3,879	(5,985)
Regulatory Services	(332)	175				(507)
Non Ring Fenced Public Health Services	5				5	
Ring Fenced Public Health Services	0	175			163	(338)
Health and Wellbeing	(327)	350	0	0	168	(845)
People Directorate Management	38				170	(132)
Adult Social Care Business Support and Development	(148)				704	(852)
Adult Social Care Management	(17)					(17)
Adult Social Care Provider Services	18	64			199	(246)
Adult Social Care Operations	(24)	0			737	(761)
Housing Services	602	100	958		217	(673)
Children's Social Care & Safeguarding	2,501	44	1,975		4,221	(3,740)
Children's Early Help, Partnerships and Commissioning	(68)				40	(109)
Learning and Skills	124				195	(70)
Central DSG	0				362	(362)
People	3,024	208	2,933	0	6,845	(6,962)
Director of Place	2				2	
Assistant Director, Commercial Services	103	92			11	
Corporate Landlord	116	85			397	(366)
Property and Development	648	1,946			96	(1,394)
Commercial Services Business Development	1				1	
Climate Change	(620)					(620)
Shire Services	603		401		202	
Assistant Director, Economy and Place	6				6	
Planning Services	102				102	
Economic Growth	36		44			(8)
Broadband	0					
Planning Policy	(0)					(0)
Shrewsbury Shopping Centres – Development Sites	305				453	(148)
Shrewsbury Shopping Centres – Commercial Sites	(8)					(8)
Assistant Director, Infrastructure	(12)					(12)
Environment and Transport	112		397		1,141	(1,426)
Highways	335				435	(100)
Waste Management	190				426	(236)
Assistant Director, Homes and Communities	(0)					
Housing Development and HRA	0					

	Q2 Forecast Variance £000	Savings Pressure in 2021/22 £000	Ongoing Monitoring Pressures Identified £000	Ongoing Monitoring Savings Identified £000	One Off Monitoring Pressures Identified £000	One Off Monitoring Savings Identified £000
Bereavement Services	1				1	
Registrars and Coroners	(6)				(6)	
Trading Standards and Licensing	(125)	175			220	(520)
Head of Culture, Leisure and Tourism	2	42				(40)
Arts	(15)					(15)
Shropshire Hills AONB	(0)					
Outdoor Partnerships	(2)				45	(47)
Leisure	25				170	(145)
Libraries	55		72			(17)
Museums and Archives	76				166	(90)
Theatre Services	0				810	(810)
Place	1,929	2,340	1,430	0	4,677	(6,519)
Customer Services	(327)				153	(480)
ICT Digital Transformation Project	2,240	1,181	1,185			(126)
ICT Services	(218)		135		303	(657)
Communications	(78)		33			(111)
Information, Intelligence and Insight	(42)					(42)
Human Resources & Organisational Development	(373)					(373)
Audit Services	(80)					(80)
Finance	93				208	(115)
Pension Administration Services	7				7	
Revenues	(293)				278	(571)
Housing Benefits	727		1,897			(1,170)
Treasury Services	9				9	
Commissioning Development and Procurement	(40)					(40)
Risk Management and Insurance	(32)					(32)
Democratic Services	(66)					(66)
Elections	(9)					(9)
Legal Services	(93)					(93)
Information Governance and Scrutiny	15				15	
Legal Services – Child Care	250		500			(249)
Resources	1,690	1,181	3,750	0	973	(4,214)
Chief Executive and PAs	(20)					(20)
Programme Management	0					
Strategic Management Board	(20)	0	0	0	0	(20)
TOTAL	4,363	4,080	8,286	0	16,542	(24,544)

APPENDIX 8**AMENDMENTS TO ORIGINAL BUDGET 2021/22**

£000	Total	Corporate Budgets	Health and Wellbeing	People	Place	Resources	Strategic Management Board
Original Budget as Agreed by Council	208,647	(48,821)	3,280	186,293	66,888	1,007	0
Quarter 1							
None							
Q1 Revised Budget	208,647	(48,821)	3,280	186,293	66,888	1,007	0
Quarter 2							
Transfer of historic grey fleet savings budget, to be reallocated in 2022/23		(364)			364		
Transfer of data centre energy savings budget from IT to Corporate Landlord					(14)	14	
Transfer of subscriptions budget to Corporate Subscriptions cost centre		25				(25)	
Creation of 2021/22 budget for Climate Change		(1,036)			1,036		
Q2 Revised Budget	208,647	(50,196)	3,280	186,293	68,274	996	0

Details of virements between directorates over £140,000 reported to Cabinet for information

Quarter 2:

- A budget virement of £0.364m has taken place between Corporate Budgets and Place. Historically a 'savings to be identified' budget has been held in Place, with the intention that savings would be realised through the Council's 'grey fleet' scheme. Savings on car and bus/train travel have been identified across the Council, and the savings to budgets are planned to be allocated from 2022/23.
- A budget virement £1.036m has taken place between Corporate Budgets and Place. In the Financial Strategy, approved by Council on 25th February 2021, £1.000m was identified from Renewable Energy Schemes within Business Rates. The value in 2021/22 is actually £1.036m. This sum has been ringfenced to Climate Change initiatives and will be used for the Climate Change programme, including carbon reduction and renewable energy initiatives. Therefore, the budget has been moved to Place, where the expenditure on Climate Change is being managed and administrated.

APPENDIX 9**REVISED CAPITAL PROGRAMME**

Detail	Agreed Capital Programme - Council 25/02/21	Slippage & Budget Changes Approved To Q1 2021/22	Quarter 2 Budget Changes to be Approved	Revised 2021/22 Capital Programme Quarter 2
	£m	£m	£m	£m
General Fund				
Adult Services	8.976	1.254	-	10.230
Childrens Services	21.795	(0.870)	0.020	20.946
Place	98.234	(21.320)	0.224	77.138
Workforce & Transformation	1.000	(0.407)	-	0.593
Total General Fund	130.005	(21.342)	0.245	108.907
Housing Revenue Account	20.148	(10.8777)	-	9.271
Total Approved Budget	150.153	(32.220)	0.245	118.178
Financing				
Self Financed Prudential Borrowing *	47.767	(28.878)	-	18.889
Government Grants	53.870	1.728	0.089	55.687
Other Grants	-	1.188	-	1.188
Other Contributions	24.464	(6.066)	0.117	18.514
Revenue Contributions to Capital	4.328	(0.857)	0.038	3.510
Major Repairs Allowance	3.780	0.304	-	4.084
Corporate Resources (expectation - Capital Receipts only)	15.945	0.362	-	16.307
Total Confirmed Funding	150.153	(32.220)	0.245	118.178

Shropshire Council - Capital Budget Monitoring Report Quarter 2 2021/22

Directorate Service Area	Revised Budget Q1 2021/22 £	Budget Virements Q2 £	Revised Budget Q2 2021/22 £	Actual Spend £	Spend to Budget Variance £	% Budget Spend	Outturn Projection £	Outturn Projection Variance £
General Fund								
Adult Services	10,230,299	0	10,230,300	1,183,368	9,046,932	11.57%	10,230,300	0
Contracts & Provider Capital	0	0	0	0	0	0.00%	0	0
Housing Services Capital	6,755,493	0	6,755,494	853,849	5,901,645	12.64%	6,755,494	0
Public Health Capital	0	0	0	0	0	0.00%	0	0
Public Protection Capital	0	0	0	0	0	0.00%	0	0
Social Care Operations Capital	3,474,806	0	3,474,806	329,520	3,145,286	9.48%	3,474,806	0
Children's Services	20,925,075	20,442	20,945,514	6,319,368	14,626,146	30.17%	20,945,514	0
Children's Residential Care Capital	1,102,147	0	1,102,147	8,912	1,093,235	0.81%	1,102,147	0
Non Maintained Schools Capital	7,821,933	22,940	7,821,933	363,135	7,458,798	4.64%	7,821,933	0
Primary School Capital	8,966,988	2,342,177	8,607,956	-394,717	9,002,673	-4.59%	8,607,956	0
Secondary School Capital	2,515,618	354,224	2,567,421	17,956	2,549,465	0.70%	2,567,421	0
Special Schools Capital	83,824	238,044	316,418	12,533	303,885	3.96%	316,418	0
Unallocated School Capital	434,566	#####	529,639	6,311,548	-5,781,909	1191.67%	529,639	0
Place Capital - Commercial Services	15,834,032	85,619	15,919,653	1,298,791	14,620,862	8.16%	15,919,653	0
Corporate Landlord Capital	15,834,032	85,619	15,919,653	1,298,791	14,620,862	8.16%	15,919,653	0
Place Capital - Economic Growth	23,036,165	0	23,036,166	5,103,563	17,932,603	22.15%	23,036,166	0
Broadband Capital	9,200,461	0	9,200,461	1,392,187	7,808,274	15.13%	9,200,461	0
Development Management Capital	77,777	0	77,777	122,224	-44,447	157.15%	77,777	0
Economic Growth Capital	9,528,944	0	9,528,944	3,489,152	6,039,792	36.62%	9,528,944	0
Planning Policy Capital	4,228,984	0	4,228,984	100,000	4,128,984	2.36%	4,228,984	0
Place Capital - Homes & Communities	85,413	0	85,413	8,723	76,690	10.21%	85,413	0
Leisure Capital	85,413	0	85,413	0	85,413	0.00%	85,413	0
Outdoor Partnerships Capital	0	0	0	8,723	-8,723	0.00%	0	0
Visitor Economy Capital	0	0	0	0	0	0.00%	0	0
Place Capital - Infrastructure	37,958,654	138,584	38,097,236	12,808,053	25,289,184	33.62%	38,097,236	0
Environment & Transport Capital	0	0	0	0	0	0.00%	0	0
Highways Capital	37,633,654	138,584	37,772,236	12,808,053	24,964,184	33.91%	37,772,236	0
Waste Capital	325,000	0	325,000	0	325,000	0.00%	325,000	0
Workforce & Transformation	593,140	0	593,140	8,250	584,890	1.39%	593,140	0
ICT Digital Transformation - CRM Capital	383,345	0	383,345	0	383,345	0.00%	383,345	0
ICT Digital Transformation - ERP Capital	50,871	0	50,871	0	50,871	0.00%	50,871	0
ICT Digital Transformation - Infrastructure & Architecture Capital	63,526	0	63,525	0	63,525	0.00%	63,525	0
ICT Digital Transformation - Social Care Capital	95,398	0	95,399	8,250	87,149	8.65%	95,399	0
ICT Digital Transformation - Unallocated Capital	0	0	0	0	0	0.00%	0	0
Total General Fund	108,662,780	244,645	108,907,422	26,730,115	82,177,307	24.54%	108,907,422	0
Housing Revenue Account	9,270,604	0	9,270,607	1,184,048	8,086,559	12.77%	9,270,607	0
HRA Dwellings Capital	9,270,604	0	9,270,607	1,184,048	8,086,559	12.77%	9,270,607	0
Total Approved Budget	117,933,384	244,645	118,178,029	27,914,164	90,263,865	23.62%	118,178,029	0

Shropshire Council - Capital Programme Portfolio Holder Summary Quarter 2 2021/22

Portfolio Holder	Revised Budget Q1 2021/22 £	Budget Virements Q2 £	Revised Budget Q2 2021/22 £	Actual Spend £	Spend to Budget Variance £	% Budget Spend	Outturn Projection £	Outturn Projection Variance £
General Fund								
Portfolio Holder Adult Social Care and Public Health	10,230,300	0	10,230,300	1,183,368	9,046,932	11.57%	10,230,300	0
Deputy Leader and Portfolio Holder Economic Growth, Regeneration and Planning	13,835,705	0	13,835,705	3,711,376	10,124,329	26.82%	13,835,705	0
Portfolio Holder Climate Change, Natural Assets and the Green Economy	325,000	0	325,000	0	325,000	0.00%	325,000	0
Portfolio Holder Children and Education	20,925,072	20,442	20,945,514	6,319,368	14,626,146	30.17%	20,945,514	0
Portfolio Holder Resources	0	0	0	0	0	0.00%	0	0
Portfolio Holder Communities, Culture, Leisure and Tourism, Transport	85,413	0	85,413	8,723	76,690	10.21%	85,413	0
Portfolio Holder Digital, Data and Insight	9,793,601	0	9,793,601	1,400,437	8,393,164	14.30%	9,793,601	0
Portfolio Holder Physical Infrastructure (Highways, Built Housing, Assets) (General Fund)	53,467,689	224,203	53,691,889	14,106,843	39,585,046	26.27%	53,691,889	0
Leader and Portfolio Holder Strategy	0	0	0	0	0	0.00%	0	0
Total General Fund	108,662,780	244,645	108,907,422	26,730,115	82,177,307	24.54%	108,907,422	0
Housing Revenue Account								
Portfolio Holder Physical Infrastructure (Highways, Built Housing, Assets) (HRA)	9,270,604	0	9,270,607	1,184,048	8,086,559	12.77%	9,270,607	0
Total Approved Budget	117,933,384	244,645	118,178,029	27,914,164	90,263,865	23.62%	118,178,029	0

APPENDIX 10**BREAKDOWN OF SCHEMES FUNDED BY REVENUE CONTRIBUTIONS TO CAPITAL**

Schemes Funded by Revenue Contributions to Capital	£m
<u>General Fund</u>	
Corporate Landlord Essential Repairs	1.510
Community Led Affordable Housing Grant Scheme	0.266
On Street Residential Charging Point Scheme	0.030
Various School Capital Schemes	0.089
Total General Fund	1.895
<u>Housing Revenue Account</u>	
New Build Schemes within HRA	0.500
Housing Stock Repairs within HRA	1.115
Total Housing Revenue Account	1.615
Total Schemes	7.020

APPENDIX 11**PROJECTED CAPITAL RECEIPTS POSITION**

Detail	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Corporate Resources Allocated in Capital Programme	16.307	11.998	0.692	-
Capital Receipts used to finance redundancy costs	-	-	-	-
To be allocated from Ring Fenced Receipts	5.160	26.416	5.479	-
Total Commitments	21.467	38.413	6.171	-
Capital Receipts in hand/projected:				
Brought Forward in hand	22.036	3.439	(34.810)	(40.916)
Generated 2020/21 YTD	0.874	-	-	-
Projected - 'Green'	1.995	0.165	0.065	-
Total in hand/projected	24.906	3.604	(34.745)	(40.916)
Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward	(3.439)	34.810	40.916	40.916
Further Assets Being Considered for Disposal	8.035	12.438	24.775	0.600