



Committee and Date

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Item

Public

Financial Monitoring 2021/22 Quarter 3

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1. Synopsis

- 1.1 This is the third quarterly Financial Monitoring Report for 21/22 covering the period October to December 2021. 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 3, and the Capital expenditure up to the end of Quarter 3.

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 £4.346m.
- Action across the Council has reduced the projected overspend by £2.985m since Quarter 1, however, during Quarter 3 social care expenditure has continued to increase beyond the budgeted level, offsetting the impact of further management action taken in other areas during Quarter 2.
- 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 £0.523m.
- All areas of spend are being reviewed by Budget Holders and Service Managers over the final months of the financial year to reduce the currently projected overspend as far as possible.
- The projected capital outturn is £79.974m, in line with the current budget.
- Current capital expenditure of £45.793m, representing 57.3% of the budget at Quarter 3, with 75% of the year elapsed.

- In 2021/22 capital receipts are currently projected to be sufficient to finance the capital programme, with a surplus of £14.270m 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 values of £31.322m and £37.428m 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 nine months of the year, extrapolated to year end to produce an estimated outturn position. As the year progresses and further financial information becomes available, the quality of the estimates used within this report are expected to increase.

3. Recommendations

3.1 It is recommended that Members:

- A. Note that at the end of Quarter 3 (31st December 2021), the full year revenue forecast is a potential overspend of £4.346m;
- B. Consider the impact of this on the Council's General Fund balance.

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 9.

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 3, the Council is reporting a forecast overspend of £4.346m. 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)	(52.301)	(2.106)	Y
Health and Wellbeing	3.275	2.810	(0.465)	Y
People	186.267	190.700	4.433	R
Place	68.236	68.862	0.625	G
Resources	1.069	2.943	1.874	R
Strategic Management Board	(0.004)	(0.020)	(0.016)	Y
Total	208.647	212.993	4.346	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 delivered a number of savings from Quarter 2, however this has been offset by an increase in social care expenditure beyond the budgeted level. Further management action will continue and the effect of any management decisions taken will be reflected in the final outturn report.
- 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£3.7m
 - Temporary housing costs and housing benefits subsidy loss – c£1.6m
 - Commercial losses, unachieved income and market shifts – Commercial investments, Shire Services, Corporate Landlord – c£1.7m
 - Unachieved historical digital transformation savings – c£2.5m
 - Offset by one-off underspends across the Council – staffing, supplies/services, MRP, use of grant funding - (£5.1m)
- 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, for example testing and tracing costs, 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 52% of the 2021/22 savings required have been rated as green with a further 5% 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 a more unsustainable level than currently forecast.

10 Analysis of Outturn Projections including Ongoing Budget Pressures

- 10.1 The forecast outturn position of £4.346m 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 Further work is required within service areas to find compensatory savings during the remainder of the year to reduce the projected overspend and ensure that no additional ongoing pressures are identified that would cause a budgetary pressure for the 2022/23 budget year and beyond.

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 £9.745m. 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 3, there has been a net budget decrease of £38.204m for 2021/22, compared to the position reported at Quarter 2 2021/22. Appendix 9 summarises the overall movement, between that already approved, changes for Quarter 3 and the programme financing.
- 12.2 Within the financing of the Capital Programme £3.331m is funded from revenue contributions. A breakdown of revenue contributions to capital is provided at Appendix 10.
- 12.3 The actual capital expenditure at Quarter 3 is £45.793m, which represents 57.3% of the revised capital budget at Quarter 3, 75% 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.
- 12.4 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: People 57.1% (budget £18.862m), Place 62.1% (budget £51.248m), Resources 1.4% (budget £0.593m) and HRA Major Repairs & New Build Programme 34.6% (budget £9.271m).

Capital Receipts Position

- 12.5 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.
- 12.6 The projected capital receipts for the next four years are set out in Appendix 11. 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 £14.270m to carry forward.
- 12.7 In 2022/23 and 2023/24 onwards there are currently projected shortfalls of capital receipts of £31.322m and £37.428m 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

Financial Monitoring Report – Quarter 2 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 Q2 And Q3

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)	(52,301,486)	(2,105,546)	Y
Health and Wellbeing	3,274,940	2,809,812	(465,128)	Y
People	186,266,660	190,699,860	4,433,200	R
Place	68,236,300	68,861,625	625,325	G
Resources	1,069,130	2,942,860	1,873,730	R
Strategic Management Board	(4,280)	(19,891)	(15,611)	Y
TOTAL	208,646,810	212,992,779	4,345,969	R

1.2 Detail by Service Area

CORPORATE BUDGETS	Full Year			RAGY
	Budget £	Forecast £	Variance £	
Total	(50,195,940)	(52,301,486)	(2,105,546)	Y

Corporate Budgets	Portfolio Holder Resources	(50,224,840)	(52,330,386)	(2,105,546)	Y
A pressure of £0.173m has been confirmed in relation to the loss of the WME profit share. This has been offset by expected additional income from interest receivable budgets of (£0.158m) and forecast underspends against non-distributable costs of (£0.099m) and (£0.134m) from inflation budgets held confirmed as not required in year. 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 3.

HEALTH AND WELLBEING	Full Year			RAGY
	Budget £	Forecast £	Variance £	
Total	3,274,940	2,809,812	(465,128)	Y

Regulatory Services	Portfolio Holder Adult Social Care and Public Health	2,946,730	2,537,777	(408,953)	Y
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There is a projected underspend of (£0.409m) within the Regulatory Services section of Health and Wellbeing. The major variances across the service area 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.
- £0.119m additional supplies and services expenditure and loss of income
- (£0.190m) underspends due to delays in recruiting to vacant posts.
- (£0.503m) 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	283,350	227,175	(56,175)	Y
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The main variance relates to staffing resources reassigned to handling the Covid-19 pandemic being funded by the Contain Outbreak Management Fund grant.

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 3.

PEOPLE	Full Year			RAGY
	Budget £	Forecast £	Variance £	
Total	186,266,660	190,699,859	4,433,199	R

People Directorate Management	Portfolio Holder Adult Social Care and Public Health	3,217,500	3,290,934	73,434	A
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Due to senior management staffing changes in this area, there is a 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	3,750,920	3,462,918	(288,002)	Y
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There is a projected underspend within Business Support and Development of (£0.288m). A summary of the major variances is as follows:

- (£0.148m) underspend on Business Support. This is largely due to staffing and costs associated with posts and is due to a mixture of carrying vacancies and utilising one-off funding streams.
- (£0.036m) underspend on Joint Training and the Professional Development Unit. This is largely due 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	874,570	882,271	7,701	G
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Minor variation from budget at Quarter 3.

Adult Social Care Provider Services	Portfolio Holder Adult Social Care and Public Health	3,546,250	3,563,859	17,609	G
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Minor variation from budget at Quarter 3.

Adult Social Care Operations	Portfolio Holder Adult Social Care and Public Health	107,236,610	107,723,783	487,173	G
<p>There is a projected overspend within Social Care Operations of (£0.487m). The major variances are as follows:</p> <ul style="list-style-type: none"> • (£0.623m) underspend within the staffing budget due to delays in recruiting to vacant posts. This is mainly within the community social work teams. We have also utilised other one-off funding streams to fund salary costs. • £0.172m 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. • £0.938m 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 in the domiciliary care market. 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, and the unprecedented nature in how the pandemic is impacting the marketplace and the people that the Council supports. 					
Housing Services	Portfolio Holder Adult Social Care and Public Health	3,175,260	3,971,314	796,054	R
<p>There is a projected overspend within Housing Services of £0.796m. The major variances are as follows:</p> <ul style="list-style-type: none"> • (£0.332m) underspend on staffing due to in-year staff vacancies and the use of one-off funding streams where applicable. • £0.110m net overspend relating to brought forward unachieved 2020/21 savings, following application of (£0.140m) Covid-19 grant. Growth has been allocated in 2022/23 budget to offset those savings that will not be achieved in the longer term. • £0.011m overspend due to one-off income pressures offset by reduced service delivery costs across services such as the handyperson team. • £1.007m 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. However, this is an ongoing pressure and growth has been applied to the 2022/23 budget, meaning the service has a much greater chance of being able to deliver a balanced budget going forward. 					
Children's Social Care and Safeguarding	Portfolio Holder Children's and Education	42,974,600	46,410,673	3,436,073	R

A budget pressure of £0.963m is forecast across the service area in relation to staffing. 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 vacancies 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. A recent decision has been made to commission a Media Agency to develop a recruitment campaign for the recruitment of Children's social workers in Shropshire. This approach has been successful in other Local Authorities. This media campaign will produce a long term set of recruitment materials to use for future campaigns. 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.

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 £0.523m 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.

There is a £0.062m 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 figure is the £1.646m ongoing budget pressure on placements expenditure as this pressure has been offset by the Council's Covid-19 Support Grant this year. Expenditure growth has been built into the budget for 2022/23. 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.

There is a £0.566m budget pressure forecast in the Disabled Children's Team. The budget pressure relates to Direct Payments (£0.226m) and bespoke, short term care packages of prevention and support for Disabled Children (£0.339m). This is an area which has seen a significant increase in demand in 2021/22 though it is important to note that these high cost home care packages for disabled children, are in some cases a short term alternative to placing a child in a long term residential placement.

The remaining £1.340m 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 significantly in line with the sharp increase in demand elsewhere in the service.

Children's Early Help, Partnerships and Commissioning	Portfolio Holder Children's and Education	2,599,350	2,458,551	(140,799)	Y
<p>(£0.121m) of the one-off budget saving relates to temporary vacancy managements savings, where there have been delays in recruiting staff to Family Support Worker roles at the Council's six Early Help family hubs.</p> <p>The remaining (£0.020m) one-off budget saving also relates to temporary vacancy managements savings, but in the Parenting and Not in Education, Employment or Training (NEETS) teams.</p>					
Learning and Skills	Portfolio Holder Children's and Education	18,891,600	18,935,556	43,956	G
<p>The largest forecast overspend within Learning and Skills relates to home to school transport, with a £0.030m 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.</p> <p>There is also a £0.028m overspend in the Education Access Core Team relating to a shortfall in truancy penalty notice charge income collected in this financial year relative to the budget. These one-off budget monitoring pressures are partially offset by one-off monitoring savings in the Learning and Skills Business Support Team.</p>					
Central DSG	Portfolio Holder Children's and Education	-	-	-	G
<p>There is a (£0.906m) surplus reported against Central Dedicated Schools Grant (DSG). This is due to an in-year projected underspend reported on the High Needs Block of DSG of £0.982m. Significant growth has been allocated to this budget for 2021-22; the High Needs Block DSG allocation was significantly increased by £3.781m from £28.016m in 2020-21 to £31.797m 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 (£0.442m) underspend against this budget.</p> <p>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 2 years 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.</p> <p>The in-year surplus or underspend being reported on the DSG, removes the cumulative DSG deficit carried forward from 2020/21 of £0.870m, leaving a forecast cumulative DSG surplus position of £0.036m at the end of the 2021-22 financial year. The forecast removal of the deficit is highly positive in terms of the Council meeting the Department for Education's requirement to reduce or manage down the DSG deficit.</p>					

PLACE	Full Year			RAGY
	Budget £	Forecast £	Variance £	
Total	68,236,300	68,861,625	625,325	G

Director of Place	Portfolio Holder Communities, Culture, Leisure and Tourism, Transport	838,780	835,418	(3,362)	Y
Minor variation from budget at Quarter 3.					
Assistant Director Commercial Services	Portfolio Holder Physical Infrastructure (Highways, Built Housing, Assets)	185,570	198,543	12,973	G
Minor variation from budget at Quarter 3.					
Corporate Landlord	Portfolio Holder Physical Infrastructure (Highways, Built Housing, Assets)	1,184,410	1,316,254	131,844	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 there remains a pressure within Corporate Landlord. The remaining variance relates to unachievable savings in relation to the efficiencies in administrative buildings savings target. At a time of transition in the use of administrative buildings, the Strategic Asset Management team is working to achieve this target in the long term. The uncertainty around the future needs within administrative buildings is making this challenging.					
Property & Development	Portfolio Holder Physical Infrastructure (Highways, Built Housing, Assets)	(18,770)	681,927	700,697	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 budget investment costs (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. This pressure is partially offset by an underspend on salaries due to a delay in recruitment to some new posts.					
Commercial Services Business Development	Portfolio Holder Physical Infrastructure (Highways, Built Housing, Assets)	170	968	798	G
Minor variation from budget at Quarter 3.					
Climate Change	Portfolio Holder Climate Change, Natural Assets and the Green Economy	1,042,520	449,372	(593,148)	Y
Initial forecasts of the revenue contribution to various capital projects were over-estimated, giving rise to a significant underspend on this year's allocated budget.					
Shire Services	Portfolio Holder Physical Infrastructure (Highways, Built Housing, Assets)	429,100	931,833	502,733	R
This area has £0.401m historic savings that remain unachieved, however a recent Cabinet report proposed action that could be taken from 2022/23 to address £0.250m of those unachieved savings on an ongoing basis. In the meantime, the service continues to trade in a deficit position, as costs are not being recovered through income generated.					

Assistant Director Economy & Place	Deputy Leader and Portfolio Holder Economic Growth, Regeneration and Planning	263,660	270,127	6,467	G
Minor variation from budget at Quarter 3.					
Planning Services	Deputy Leader and Portfolio Holder Economic Growth, Regeneration and Planning	2,007,590	2,417,396	409,806	R
<p>Street Naming & Numbering and Land Charges:- It is currently estimated that net income will be slightly greater than budget by (£0.028m).</p> <p>Building Control:- It is anticipated that there will be additional costs of £0.063m in dealing with enforcement issues and dangerous structures.</p> <p>Natural and Historic Environment:- There is a variance of £0.032m associated with a reduction in expected income this year, and temporary staffing arrangements costing slightly more than budget.</p> <p>Development Management:- It is currently estimated that the service will be over budget by £0.234m, mainly resulting from planning application income not reaching the revised income budget set for 2021/22.</p> <p>Highways Development Control:- It is anticipated that this service area will be over budget by £0.109m 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 £0.006m, additional costs resulting from agency/contractor support of £0.068m and an anticipated reduction in inspection fee income of £0.035m.</p>					
Economic Growth	Deputy Leader and Portfolio Holder Economic Growth, Regeneration and Planning	1,149,360	1,149,360	-	G
No variation from budget at Quarter 3.					
Broadband	Portfolio Holder Digital, Data and Insight	171,140	171,140	-	G
No variation from budget at Quarter 3.					
Planning Policy	Deputy Leader and Portfolio Holder Economic Growth, Regeneration and Planning	837,910	837,910	-	G
No variation from budget at Quarter 3					
Shrewsbury Shopping Centres (Commercial)	Portfolio Holder Physical Infrastructure (Highways, Built Housing, Assets)	(121,530)	(124,887)	(3,357)	Y
<p>As fundamental changes in the retail sector continue, Darwin shopping centre has been subject to several budget pressures including negotiating less favourable lease renewals, tenants leaving and delays to relocations from Pride Hill. These ongoing pressures on the budget have created an estimated projected reduction in income that totals £0.398m. This reduction in income is partially offset by savings of (£0.229m) on premises related expenditure and (£0.067m) on supplies and services. Other pressures of £0.015m on the shopping centre management are a result of additional on-shoring legal fees, this is completely offset by a saving of (£0.120m) of Crestbridge funds not required this year.</p>					
Shrewsbury Shopping Centres (Development)	Deputy Leader and Portfolio Holder Economic Growth, Regeneration and Planning	512,770	470,770	(42,000)	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 (£0.034m), and an increase of income of (£0.013m). Meanwhile Riverside shopping centre retains some tenants on inclusive leases and there are estimated projected budget pressures on premises-related expenditure and supplies and services of £0.003m, as well as an estimated reduction in income of £0.005m.

Assistant Director Infrastructure	Portfolio Holder Physical Infrastructure (Highways, Built Housing, Assets)	224,570	215,773	(8,797)	Y
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Minor variation from budget at Quarter 3.

Environment and Transport	Portfolio Holder Communities, Culture, Leisure and Tourism, Transport	9,025,370	8,961,882	(63,488)	Y
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Public Transport:- It is currently estimated that there could be cost savings amounting to (£0.301m) (assuming no significant amendments to the current Covid/social distancing guidance).

Street Cleansing and Grounds Maintenance:- There are some small variances resulting in an underspend, mainly due to staffing/resource issues, currently estimated at (£0.030m).

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 £1.475m. Covid-19 support grants of (£1.156m) reduce the net position to a shortfall of £0.319m. 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 (£0.051m).

Highways	Portfolio Holder Physical Infrastructure (Highways, Built Housing, Assets)	8,384,170	7,685,353	(698,817)	Y
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Highways (Operations) - Significant improvements have been made to reduce the cost per repair, and adopting a policy of permanent repairs (capital) wherever possible, so less repairs of a temporary nature (revenue). This approach is anticipated to deliver budget savings of (£0.505m) in the current financial year, however, it continues to remain a challenge to adequately resource the service within the current budgets (please refer to the Highways Governance note below).

Highways (Bridges, Structures and Drainage) - Again, with this service area, the focus is to deliver permanent (capital) improvements wherever possible, however there continues to be pressure to deliver the revenue activities within the current revenue budgets. It is anticipated that there will be additional costs of £0.100m. A significant proportion of this is associated with legal expenses, plus additional staff resource and support.

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 greater than budget, by (£0.527m).

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 £0.233m.

Waste Management	Portfolio Holder Climate Change, Natural Assets and the Green Economy	31,693,490	31,781,353	87,863	G
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The forecast overspend of £0.088m 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.

Assistant Director Homes and Communities	Portfolio Holder Communities, Culture, Leisure and Tourism, Transport	105,880	107,880	2,000	G
Minor variation from budget at Quarter 3.					
Housing Development and HRA	Portfolio Holder Physical Infrastructure (Highways, Built Housing, Assets)	49,940	49,940	-	G
No variation from budget at Quarter 3.					
Bereavement Services	Portfolio Holder Communities, Culture, Leisure and Tourism, Transport	(242,520)	(253,595)	(11,075)	Y
Minor variation from budget at Quarter 3.					
Registrars and Coroners	Portfolio Holder Communities, Culture, Leisure and Tourism, Transport	689,990	745,446	55,456	A
The overspend of £0.055m relates to additional employee and IT costs, largely as a result of the backlog of ceremonies built up due to the pandemic, partially offset by a small increase in income.					
Trading Standards and Licensing	Deputy Leader and Portfolio Holder Economic Growth, Regeneration and Planning	707,810	604,557	(103,253)	Y
There is a projected underspend of (£0.103m) 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. Growth has been provided within the proposed 2022/23 budget to remove this savings requirement. • £0.220m of implementation costs in relation to the replacement of service-critical IT software systems. • £0.142m relating to loss of income and additional supplies and services expenditure • (£0.212m) 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 under alternative funding streams (COMF) 					
Head of Culture, Leisure & Tourism	Portfolio Holder Communities, Culture, Leisure and Tourism, Transport	378,380	418,315	39,935	G
The adverse variance is due to a delay in the achievement of the £0.042m savings required within this area.					
Arts	Portfolio Holder Communities, Culture, Leisure and Tourism, Transport	72,220	52,176	(20,044)	Y
Minor variation from budget at Quarter 3.					
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 3.					

Outdoor Partnerships	Portfolio Holder Communities, Culture, Leisure and Tourism, Transport	1,177,250	1,160,219	(17,031)	Y
Minor variation from budget at Quarter 3.					
Leisure	Portfolio Holder Communities, Culture, Leisure and Tourism, Transport	2,454,790	2,506,867	52,077	A
Reductions in income due to the Covid-19 pandemic have been mitigated by application of the Covid-19 grant funding. The adverse variance is mainly due to increased payroll costs at the leisure centres which are operated by the council.					
Libraries	Portfolio Holder Communities, Culture, Leisure and Tourism, Transport	3,398,440	3,452,145	53,705	A
£0.071m historic unachieved savings are unachievable again this year, however, 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	1,453,100	1,586,442	133,342	R
Acton Scott Farm Museum has closed from summer 2021, and no income is anticipated for the rest of the year. This has caused the projected outturn for the museum to give rise to an adverse variance of £0.118m, which makes up the majority of the overspend within the Museum Service.					
Theatre Services	Portfolio Holder Communities, Culture, Leisure and Tourism, Transport	140,440	140,440	0	G
No variation from budget at Quarter 3.					

RESOURCES	Full Year			RAGY
	Budget £	Forecast £	Variance £	
Total	1,069,130	2,942,860	1,873,730	R

Executive Director of Resources	Portfolio Holder Resources	-	-	-	G
No variation from budget at Quarter 3.					
Customer Services	Portfolio Holder Resources	440,380	122,275	(318,105)	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 significant application of one-off Covid-19-related grants to fund staff costs.					
ICT Digital Transformation Project	Portfolio Holder Digital, Data and Insight	(2,215,590)	235,364	2,450,954	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. Growth has been allocated within the proposed 2022/23 budget to offset the unachievable savings target.					

ICT Services	Portfolio Holder Digital, Data and Insight	(35,000)	6,033	41,033	G
Budget pressures in relation to software licensing and income of £0.392m have been identified. These have offset by in-year savings from vacancy management and supplies and services of (£0.351m).					
Communications & Engagement	Leader and Portfolio Holder Policy and Strategy, Improvement and Communications	(5,200)	(118,631)	(113,431)	Y
Vacancy management efficiencies within Engagement Team and Communications Team have resulted in in-year savings at Quarter 3.					
Information, Intelligence and Insight	Portfolio Holder Digital, Data and Insight	(67,230)	(63,282)	3,948	G
Minor variation from budget at Quarter 3.					
Human Resources and Organisational Development	Portfolio Holder Resources	(775,070)	(1,219,832)	(444,762)	Y
Vacancy management efficiencies and the receipt of some additional one-off income across Human Resources and Organisational Development have resulted in in-year savings at Quarter 3.					
Audit Services	Portfolio Holder Resources	(130)	(107,843)	(107,713)	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 before year-end.					
Finance	Portfolio Holder Resources	143,440	115,350	(28,090)	Y
Vacancy management savings, and the application of Covid-19 grant funding to fund agency staff costs, have resulted in a forecast underspend for the service.					
Pension Administration Services	Portfolio Holder Resources	60,720	68,400	7,680	G
Minor variation from budget at Quarter 3.					
Revenues	Portfolio Holder Resources	2,474,400	2,123,336	(351,064)	Y
Significant vacancy management savings have been achieved this year, in addition to savings on supplies and services costs and additional grant funding received.					
Housing Benefits	Portfolio Holder Resources	(385,860)	371,332	757,192	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 underlying. However, growth has been provided within the proposed 2022/23 budget to try to address this.					
Treasury Services	Portfolio Holder Resources	(64,890)	(56,671)	8,219	G
Minor variation from budget at Quarter 3.					
Commissioning Development and Procurement	Portfolio Holder Resources	68,800	29,880	(38,920)	Y
The in-year savings are as a result of one-off vacancy management.					
Risk Management and Insurance	Portfolio Holder Resources	144,060	116,434	(27,626)	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	(6,960)	(98,420)	(91,460)	Y
Additional income in relation to education appeals has been achieved (£0.043m) with the remaining in-year savings identified across various supplies and services budgets within Democratic Services.					

Elections	Portfolio Holder Resources	1,281,490	1,237,404	(44,086)	Y
Unachieved income has been more than offset against IER grant income (£0.046m) and minor one-off in-year savings.					
Legal Services	Portfolio Holder Resources	11,970	(114,904)	(126,874)	Y
In-year savings have been identified, mainly from vacancy management within the service and additional income. These savings are not sustainable for future years.					
Legal Services – Child Care	Portfolio Holder Resources	(40)	283,560	283,600	R
The pressure against legal child care costs continues to increase and is being monitored closely. Unringfenced Covid-19 grant of (£0.249m) is forecast to be applied to offset some of the increased pressures. A review of options is currently being undertaken to establish the best way of addressing increasing costs in this area on an ongoing basis, and growth has been provided accordingly within the proposed 2022/23 budget.					
Information Governance and Scrutiny	Portfolio Holder Resources	(160)	13,074	13,234	G
Minor variation from budget at Quarter 3.					

STRATEGIC MANAGEMENT BOARD	Full Year			RAGY
	Budget £	Forecast £	Variance £	
Total	(4,280)	(19,891)	(15,611)	Y

Chief Executive & PAs	Leader and Portfolio Holder Policy and Strategy, Improvement and Communications	(4,280)	(19,891)	(15,611)	Y
Minor variation from budget at Quarter 3.					
Programme Management	Leader and Portfolio Holder Policy and Strategy, Improvement and Communications	-	-	-	G
No variation from budget at Quarter 3.					

APPENDIX 2**MOVEMENT IN PROJECTIONS BETWEEN Q2 AND Q3**

Directorate	Q2 Variance (£'000)	Q3 Variance (£'000)	Movement (£'000)	Key Reasons for Movement
Corporate Budgets	(1,933)	(2,106)	(173)	Release of corporate supplies and services budgets not required in year, plus additional forecast interest receivable
Health and Wellbeing	(327)	(465)	(138)	Additional application of grant funding to fund staff costs in-year
People	3,024	4,433	1,409	<ul style="list-style-type: none"> £0.935m increase in forecast children's social care costs, largely costs such as medical assessments, legal costs, translation services and parenting assessments, and disabled children's team prevention and support payments £0.550m increase in forecast adult social care purchasing costs £0.150m increase in forecast temporary accommodation costs Offset by (£0.226m) reduction in forecast staff costs, reduced forecast home to school transport costs and application of grant funding
Place	1,929	625	(1,304)	<ul style="list-style-type: none"> (£1.030m) improved forecast in Highways due to reduced reactive works expenditure (permanent repairs completed and costs capitalised) and increased Streetworks income (£0.442m) improved trading position for Shire Services and Shrewsbury Shopping Centres, partly as a result of applying additional Covid-19 support grant in this area (£0.175m) improved forecast in Environment and Transport due to increased parking income and reduced forecast engineering support costs Offset by £0.301m net reduction in forecast planning income £0.042m other reductions in net income across Culture and Leisure
Resources	1,690	1,874	183	<ul style="list-style-type: none"> £0.470m increase in forecast expenditure in ICT Services and ICT Digital Transformation, due to a reduction in the value of DTP and contract savings forecast to be achieved in year, increased WAN costs and income no longer expected Offset by (£0.287m) reduced forecast staff costs across the directorate and application of Covid-19 grant funding
Strategic Management Board	(20)	(16)	4	Minor variations
Total	4,363	4,346	(17)	

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)	Forecast Expenditure to 31st March 2022 (£'000)
Adult Social Care	466
Children's Social Care	2,426
Learning and Skills	27
Economic Growth	180
Highways and Transport	206
Leisure	48
Finance	50
IT	1
Legal Services (Child Care)	280
Democratic Services	3
Lockdown Compliance and Reopening Costs	61
Employee Homeworking Allowance	230
Total	3,976

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
Housing	15			(15)	0
Learning and Skills	58			(58)	0
Revenues and Benefits	1,302			(1,302)	0
Corporate Landlord	221			(221)	0
Shire Services	10			(10)	0
Shrewsbury Shopping Centres	299			(299)	0
Environment and Transport - Parking	1,156	(147)		(1,009)	0
Waste Management	213			(213)	0
Leisure	200	(47)		(153)	0
Libraries	10	(7)		(3)	0
Museums and Archives	125	(28)		(97)	0
Theatre Services	573		(530)	(43)	0
HRA	38			(38)	0
Total	4,240	(243)	(530)	(3,468)	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 31st December 2021.

Service Area	Red £'000	Amber £'000	Green £'000	Total Savings £'000
Corporate Budgets	-	-	-	-
Health and Wellbeing	350	-	-	350
People	208	149	3,859	4,216
Place	2,307	245	928	3,480
Resources	1,322	129	307	1,758
Strategic Management Board	-	-	-	-
Council	4,187	523	5,094	9,804
	43%	5%	52%	

Within the 2020/21 outturn report presented to Council on 15th July 2021 there was 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 52% of the 2021/22 savings required have been rated as green with a further 5% 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 5. Non-delivery of the amber rated savings would result in a projected outturn overspend of £5.035m, which would leave the General Fund balance at a more unsustainable level than currently forecast.

3.2 Breakdown of Red Savings

Ref	Directorate	Service Area	Description	Financial Year Saving Originally Required (£'000)	2021/22 Saving Required (£'000)	Value Rated Red (£,000)	Value Unachievable - Budget Growth Allocated within Proposed 2022/23 Budget (£'000)
2A46R	Health and Wellbeing	Regulatory Services	Regulatory Services review leading to redesign of delivery model, structures and an increased focus on income generation.	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	100
A26	People	Provider Services	Remodel day services offer	2020/21	64	64	64
2C10	People	Children's Social Care and Safeguarding	Reduction in use of agency workers	2020/21	44	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.	2020/21	175	175	175
P41	Place	Assistant Director Commercial Services	Negotiate contract savings upon renewal, through better contract management	2020/21	92	92	92
P41	Place	Head of Culture, Leisure and Tourism	Negotiate contract savings upon renewal, through better contract management	2021/22	50	9	
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	
2WT20	Resources	ICT Services	Contract reductions from IT infrastructure replacement	2020/21	141	141	

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	1,181
TOTAL					4,698	4,187	1,657

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

Service Area	Quarter 3 Projected Outturn £'000	Amber Savings £'000	Potential Outturn if Amber Savings not Achieved £'000
Corporate Budgets	(2,106)	-	(2,106)
Health and Wellbeing	(465)	-	(465)
People	4,433	149	4,582
Place	625	245	870
Resources	1,874	129	2,003
Strategic Management Board	(16)	-	(16)
Total	4,346	523	4,869

APPENDIX 6**ONGOING BUDGET PRESSURES**

At Quarter 2, £8.286m ongoing budget pressures were reported. £7.578m budget growth has been allocated to offset the majority of these budget pressures within the proposed 2022/23 budget, and management action has been taken within service areas to address some of the issues reported. Therefore, at Quarter 3, ongoing budget pressures highlighted in 2021/22 have reduced significantly to £0.372m.

Directorate	Service / Description	Nature of Pressure	Value (£'000)
Place	Building Control	Staff budget (Enforcement and Dangerous Structures)	63
Place	Shire Services	Historic unachievable savings	151
People	Children's Social Care	Public law outline support packages (medical assessments and legal costs) over and above 2022/23 budget growth proposed	113
People	Children's Social Care Social Work Teams	Staff budget	46
TOTAL			372

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

	Q3 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
Corporate Budgets	(2,106)				187	(2,293)
Business Continuity – Covid-19	(0)				3,976	(3,976)
Corporate Budgets	(2,106)	0	0	0	4,163	(6,269)
Regulatory Services	(409)	175			118	(702)
Non Ring Fenced Public Health Services	(56)	0			15	(71)
Ring Fenced Public Health Services	0	175			936	(1,111)
Health and Wellbeing	(465)	350	0	0	1,069	(1,884)
People Directorate Management	73	0			241	(168)
Adult Social Care Business Support and Development	(288)				590	(878)
Adult Social Care Management	8				8	
Adult Social Care Provider Services	18	64			267	(314)
Adult Social Care Operations	487	0			1,403	(916)
Housing Services	796	100			1,226	(530)
Children's Social Care & Safeguarding	3,436	44	158		5,672	(2,439)
Children's Early Help, Partnerships and Commissioning	(141)	0	0		14	(155)
Learning and Skills	44	0	0		182	(138)
Central DSG	0	0	0		906	(906)
People	4,433	208	158	0	10,510	(6,444)
Director of Place	(3)	0				(3)
Assistant Director, Commercial Services	13	0			13	
Corporate Landlord	132	151			347	(366)
Property and Development	701	1,973			7	(1,279)
Commercial Services Business Development	1				1	
Climate Change	(593)					(593)
Shire Services	503		151		352	
Assistant Director, Economy and Place	6	0			6	
Planning Services	410		63		347	
Economic Growth	0					
Broadband	0					
Planning Policy	0					
Shrewsbury Shopping Centres – Development Sites	(3)				296	(299)
Shrewsbury Shopping Centres – Commercial Sites	(42)				48	(90)
Assistant Director, Infrastructure	(9)					(9)
Environment and Transport	(63)	0				(63)
Highways	(699)	0				(699)
Waste Management	88				301	(213)
Assistant Director, Homes and Communities	2				2	
Housing Development and HRA	0					
Bereavement Services	(11)				13	(24)
Registrars and Coroners	55	0			68	(13)
Trading Standards and Licensing	(103)	175			337	(615)
Head of Culture, Leisure and Tourism	40	9			233	(202)
Arts	(20)					(20)
Shropshire Hills AONB	(0)					
Outdoor Partnerships	(17)				30	(47)

	Q3 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
Leisure	52	0			252	(200)
Libraries	54	0			72	(18)
Museums and Archives	133				258	(125)
Theatre Services	0				576	(576)
Place	625	2,307	214	0	3,559	(5,455)
Resources Directorate Management	0					
Customer Services	(318)				169	(487)
ICT Digital Transformation Project	2,451	1,181			1,270	
ICT Services	41	141			251	(351)
Communications	(113)				33	(146)
Information, Intelligence and Insight	4				4	
Human Resources & Organisational Development	(445)					(445)
Audit Services	(108)					(108)
Finance	(28)				352	(380)
Pension Administration Services	8				8	
Revenues	(351)				278	(629)
Housing Benefits	757				1,897	(1,140)
Treasury Services	8				8	
Commissioning Development and Procurement	(39)					(39)
Risk Management and Insurance	(28)					(28)
Democratic Services	(91)				15	(106)
Elections	(44)				17	(61)
Legal Services	(127)					(127)
Legal Services – Child Care	284				533	(249)
Information Governance and Scrutiny	13				13	
Resources	1,874	1,322	0	0	4,848	(4,296)
Chief Executive and PAs	0					(16)
Programme Management	(16)					
Strategic Management Board	(16)	0	0	0	0	(16)
TOTAL	4,346	4,187	372	0	24,149	(24,364)

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	0	(364)			364		
Transfer of data centre energy savings budget from IT to Corporate Landlord	0				(14)	14	
Transfer of subscriptions budget to Corporate Subscriptions cost centre	0	25				(25)	
Creation of 2021/22 budget for Climate Change	0	(1,036)			1,036		
Q2 Revised Budget	208,647	(50,196)	3,280	186,293	68,274	996	0
Quarter 3 Budget adjustments following telephony savings being achieved across the Council, offsetting part of the previously unachieved DTP	0		(5)	(26)	(37)	73	(4)

savings budget held within Resources							
Q3 Revised Budget	208,647	(50,196)	3,275	186,267	68,236	1,069	(4)

APPENDIX 9**REVISED CAPITAL PROGRAMME**

Detail	Agreed Capital Programme - Council 25/02/21	Slippage & Budget Changes Approved To Q2 2021/22	Quarter 3 Budget Changes to be Approved	Revised 2021/22 Capital Programme Quarter 3
	£m	£m	£m	£m
General Fund				
Adult Services	-	-	-	-
Childrens Services	30.771	0.40 -	12.314	18.862
Place	98.234	(21.096) -	25.890	51.248
Workforce & Transformation	1.000	(0.407)	-	0.593
Total General Fund	130.005	(21.097)	(38.2044)	70.703
Housing Revenue Account	20.148	(10.8777)	-	9.271
Total Approved Budget	150.153	(31.975)	(38.2044)	79.974
Financing				
Self Financed Prudential Borrowing *	47.767	(28.878)	(12.471)	6.417
Government Grants	53.870	1.817	(7.232)	48.455
Other Grants	-	1.188	-	1.188
Other Contributions	24.464	(5.950)	(7.925)	10.589
Revenue Contributions to Capital	4.328	(0.818)	(0.179)	3.331
Major Repairs Allowance	3.780	0.304	-	4.084
Corporate Resources (expectation - Capital Receipts only)	15.945	0.362	(10.398)	5.909
Total Confirmed Funding	150.153	(31.975)	(38.204)	79.974

Shropshire Council - Capital Budget Monitoring Report Quarter 3 2021/22

Directorate Service Area	Revised Budget Q2 2021/22 £	Budget Virements Q3 £	Revised Budget Q3 2021/22 £	Actual Spend £	Spend to Budget Variance £	% Budget Spend	Outturn Projection £	Outturn Projection Variance £
General Fund								
Health & Wellbeing	-	-	-	-	-	-	-	-
Public Health Capital	-	-	-	-	-	-	-	-
Regulatory Services Capital	-	-	-	-	-	-	-	-
People	31,175,814	(12,314,252)	18,861,562	10,778,091	8,083,471	57.14%	18,861,562	-
Adult Social Care Contracts & Provider Capital	-	-	-	-	-	-	-	-
Adult Social Care Operations Capital	3,474,806	(2,050,000)	1,424,806	622,434	802,372	43.69%	1,424,806	-
Children's Residential Care Capital	1,102,147	(291,736)	810,411	341,577	468,834	42.15%	810,411	-
Housing Services Capital	6,755,494	(2,500,000)	4,255,494	1,572,284	2,683,210	36.95%	4,255,494	-
Non Maintained Schools Capital	7,821,933	(6,555,758)	1,266,175	442,085	824,090	34.91%	1,266,175	-
Primary School Capital	8,607,956	(375,510)	8,232,446	6,209,854	2,022,592	75.43%	8,232,446	-
Secondary School Capital	2,567,421	(16,090)	2,551,331	1,284,746	1,266,585	50.36%	2,551,331	-
Special Schools Capital	316,418	7,052	323,470	216,749	106,721	67.01%	323,470	-
Unallocated School Capital	529,639	(532,210)	(2,571)	88,362	(90,933)	-3436.89%	(2,571)	-
Place Capital - Commercial Services	15,919,653	(10,671,986)	5,247,667	1,458,086	3,789,582	27.79%	5,247,667	-
Corporate Landlord Capital	15,919,653	(10,671,986)	5,247,667	1,458,086	3,789,582	27.79%	5,247,667	-
Place Capital - Economic Growth	23,036,166	(8,676,833)	14,359,333	8,480,535	5,878,798	59.06%	14,359,333	-
Broadband Capital	9,200,461	(8,356,214)	844,247	27,002	817,245	3.20%	844,247	-
Development Management Capital	77,777	111,600	189,377	154,191	35,186	81.42%	189,377	-
Economic Growth Capital	9,528,944	2,594,740	12,123,684	8,115,141	4,008,543	66.94%	12,123,684	-
Planning Policy Capital	4,228,984	(3,026,959)	1,202,025	184,201	1,017,824	15.32%	1,202,025	-
Place Capital - Homes & Communities	85,413	(25,080)	60,333	35,240	25,093	58.41%	60,333	-
Leisure Capital	85,413	(33,803)	51,610	25,483	26,127	49.38%	51,610	-
Outdoor Partnerships Capital	-	8,723	8,723	8,723	0	100.00%	8,723	-
Visitor Economy Capital	-	-	-	1,035	(1,035)	-	-	-
Place Capital - Infrastructure	38,097,236	(6,516,220)	31,581,016	21,825,691	9,755,325	69.11%	31,581,016	-
Environment & Transport Capital	-	-	-	-	-	-	-	-
Highways Capital	37,772,236	(6,191,220)	31,581,016	21,825,691	9,755,325	69.11%	31,581,016	-
Waste Capital	325,000	(325,000)	-	-	-	-	-	-
Resources	593,140	-	593,140	8,250	584,890	1.39%	593,140	-
ICT Digital Transformation - CRM Capital	383,345	-	383,345	-	383,345	-	383,345	-
ICT Digital Transformation - ERP Capital	50,871	-	50,871	-	50,871	-	50,871	-
ICT Digital Transformation - Infrastructure & Archit	63,525	-	63,525	-	63,525	-	63,525	-
ICT Digital Transformation - Social Care Capital	95,399	-	95,399	8,250	87,149	8.65%	95,399	-
ICT Digital Transformation - Unallocated Capital	-	-	-	-	-	-	-	-
Total General Fund	108,907,422	(38,204,371)	70,703,051	42,585,893	28,117,158	60.23%	70,703,051	0
Housing Revenue Account	9,270,607	-	9,270,607	3,207,215	6,063,392	34.60%	9,270,607	0
HRA Dwellings Capital	9,270,607	-	9,270,607	3,207,215	6,063,392	34.60%	9,270,607	0
Total Approved Budget	118,178,029	(38,204,371)	79,973,658	45,793,107	34,180,551	57.26%	79,973,658	0

Shropshire Council - Capital Programme Portfolio Holder Summary Quarter 3 2021/22

Portfolio Holder	Revised Budget Q2 2021/22 £	Budget Virements Q3 £	Revised Budget Q3 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	(4,550,000)	5,680,300	2,194,718	3,485,582	38.64%	5,680,300	-
Deputy Leader and Portfolio Holder Economic Growth	13,835,705	(320,619)	13,515,086	8,453,533	5,061,553	62.55%	13,515,086	-
Portfolio Holder Climate Change, Natural Assets and Environment	325,000	(325,000)	-	-	-	-	-	-
Portfolio Holder Children and Education	20,945,514	(7,764,252)	13,181,262	8,583,373	4,597,889	65.12%	13,181,262	-
Portfolio Holder Resources	-	-	-	-	-	-	-	-
Portfolio Holder Communities, Culture, Leisure and Sport	85,413	(25,080)	60,333	35,240	25,093	58.41%	60,333	-
Portfolio Holder Digital, Data and Insight	9,793,601	(8,356,214)	1,437,387	35,252	1,402,135	2.45%	1,437,387	-
Portfolio Holder Physical Infrastructure (Highways, Transport and Planning)	53,691,889	(16,863,206)	36,828,683	23,283,776	13,544,907	63.22%	36,828,683	-
Leader and Portfolio Holder Strategy	-	-	-	-	-	-	-	-
Total General Fund	108,907,422	(38,204,371)	70,703,051	42,585,893	28,117,158	60.23%	70,703,051	-
Housing Revenue Account								
Portfolio Holder Physical Infrastructure (Highways, Transport and Planning)	9,270,607	-	9,270,607	3,207,215	6,063,392	34.60%	9,270,607	-
Total Approved Budget	118,178,029	(38,204,371)	79,973,658	45,793,107	34,180,551	57.26%	79,973,658	-

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	1.350
Community Led Affordable Housing Grant Scheme	0.266
On Street Residential Charging Point Scheme	0.030
Severn Valley Conuntry Park RPA Extension	0.009
Various School Capital Schemes	0.061
Total General Fund	1.716
<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	3.331

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	5.909	19.362	0.692	-
Capital Receipts used to finance redundancy costs	-	-	-	-
To be allocated from Ring Fenced Receipts	4.600	26.416	5.479	-
Total Commitments	10.509	45.777	6.171	-
Capital Receipts in hand/projected:				
Brought Forward in hand	22.036	14.270	(31.322)	(37.428)
Generated 2020/21 YTD	1.170	-	-	-
Projected - 'Green'	1.573	0.186	0.065	-
Total in hand/projected	24.779	14.456	(31.257)	(37.428)
Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward	(14.270)	31.322	37.428	37.428
Further Assets Being Considered for Disposal	5.512	14.481	21.480	3.249