



Committee and Date

Cabinet
7th September 2022

Performance Management
Scrutiny Committee

14 September 2022

Item

Public

Financial Monitoring Report Quarter 1 2022/23

**Responsible
Officer**

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1. Synopsis

The Council's projected financial position presents cause for concern although time remains to correct this. We must manage ongoing demand for social care services and the impact of inflation. While this is a challenging position, this council is not alone in facing these issues.

2. Executive Summary

2.1. This report estimates the Council's year end position based on information over the period 1st April 2022 to 31st July 2022.

2.2. The council continues to face significant uncertainty and this first quarter of this year has presented the Council with significant cost pressures in increased demand in many areas of service. Inflation is increasing, threatening a recessionary period, and is exacerbated by the cost of living crisis. The council is no longer receiving government funding for Covid-19 (£7.6m last year), although many of the impact and associated costs are continuing. For example, the high number of children brought into care during the pandemic remain in care, there is a shortage of carers in the domiciliary care market, and the national changes to the workforce landscape which is presenting recruitment and retention issues across the Council.

2.3. The key issues highlighted by this report are that:

- Revenue: The projected revenue outturn position is estimated (by use of a 'control corridor') to be an overspend of between £4.138m and £17.506m, with a 'best estimate' at this early stage of £9.373m. The lowest overspend shown within the control corridor would leave the General Fund balance as at 31st March 2023 below the recommended level, but still viable.

- Focussed management action across all areas is being taken and will continue over the coming months, to manage the uncertainty and bring the budget closer to overall balance. This includes maximising and accelerating the delivery of planned savings.
- Capital: The projected capital outturn is £121.129m, in line with the current budget with current capital expenditure of £24.234m, (20% of the budget at Quarter 1, with 33% of the year elapsed).
- In 2022/23, 2023/24 and 2024/25, capital receipts are currently projected to be lower than those required for the programme. Urgent action is required to bring to market those assets identified for disposal in both the current and future years.

2.4. To promote good financial management of our (more volatile) revenue budgets, financial reporting will be guided by a control corridor as it was last year. This sets out an estimate of the upper (worst case) and lower (best case) limits of our projections. Within this, we will continue to provide a best estimate of our position. This 'best estimate' and the overall corridor parameters will change as we go through the year – as new issues emerge, and as management actions take effect.

Control Corridor	Estimated over or (under)spend
Upper Estimate (realistic worst case)	£17.506m
Current 'best estimate'	£9.373m
Lower Estimate (realistic best case)	£4.138m

2.5. The current projection makes some key assumptions regarding social care costs. The upper estimate of the estimated overspend within the control corridor takes into account all known risks in the social care budget position.

2.6. In relation to adult social care, during the pandemic, Covid-19 grant funding flowed from the Government via the NHS to fund Council packages of care for service users as they were discharged from hospital. This funding has now ceased officially, however the local authority has been successful in negotiations with NHS partners to obtain further funding to cover modelled costs of 'reablement' support for those leaving hospital. The best estimate for Adult Social Care Operations assumes that all resulting 'reablement' costs will be reimbursed by NHS partners, however costs are significant and volatile; the risk of full reimbursement not being achieved is included within the control corridor.

2.7. In relation to children's social care, Shropshire's number of looked after children has increased as follows, driving spending increases as a result:

- 399 (April 2020)

- 505 (April 2021)
- 610 (April 2022)

2.8. The Council's 'Stepping Stones' programme aims to reduce the number of looked after children in residential care, and forecast costs for the year assume that (£1.823m) of current estimated costs will be reduced through this.

3. Recommendations

- 3.1. It is recommended that Members:
- A. Note that at the end of Quarter 1 (31st July 2021), the full year revenue forecast is a potential overspend of between £4.138m and £17.506m, with best estimates indicating an overall overspend of £9.373m;
 - B. Considers the detrimental impact of this on the Council's General Fund balance and mitigating actions urgently required to avoid this.

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 Shropshire Plan. The current economic climate in the UK presents specific risks including the changes to the bank rate and the pressures from inflation which require active management. The Council is also experiencing locally the nationally reported shift in the labour market which is making recruitment more difficult. Actions are being put in place to ensure that our employment offer is attractive within the market and well publicised.

5. Financial Implications

5.1. This report sets out the financial projections for the Council in the 2022/23 Financial Year. Full details of projected spend in both the revenue and capital budgets are detailed in section 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. A specific climate change revenue budget is held and spend 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 7.

7. Background

- 7.1. Budget monitoring reports are produced quarterly for Cabinet and the budget position is reported monthly to Executive Directors, 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 ensure a balanced budget at year end.
- 7.3. Council approved the Financial Strategy 2022/23 – 2026/27 on 24 February 2022 which outlined the revenue and capital budget for 2022/23. Since that date there have been a number of factors that have specifically impacting on the 2022/23 financial year. These include:
- Increased inflationary pressures
 - Work on short term budget savings
- 7.4. As a result, a review of the Financial Strategy was considered at Cabinet on 20th July 2022. This showed that the inflationary pressures identified for 2022/23 were anticipated to be offset by the short term budget savings identified, and this report builds on these projections, following the first 4 months of transactions in this financial year.

8. Projected Revenue Outturn

- 8.1. At Quarter 1 (Period 4), the Council is reporting a forecast overspend of £9.373m. Table 1 below summarises the position by directorate (see Appendix 1A and 1B), including latest projections on funding. A breakdown of the projected outturn by portfolio holder is detailed in Appendix 1C.

Table 1: Projected Revenue Outturn

Directorate	Revised Budget (£'000)	Year to Date (£'000)	Forecast Outturn (£'000)	Under/ Overspend (£'000)
Corporate Budgets	(54,398)	(6,295)	(56,445)	(2,047)
Health and Wellbeing	2,460	4,768	2,321	(139)
People	198,909	97,461	203,514	4,605
Place	71,430	26,238	78,925	7,496
Resources	6,201	23,302#	5,675	(526)
Strategic Management Board	15	511#	(1)	(16)
Total Net Position	224,616	145,984	233,990	9,373
Funded By:				
Council Tax	(180,285)	(73,642)	(180,285)	0

Business Rates	(36,844)	(15,939)	(36,844)	0
Top Up Grant	(10,031)		(10,031)	0
Revenue Support Grant	(6,450)		(6,450)	0
Collection Fund (Surplus)/Deficit	8,994	8,994	8,994	0
Total	0	65,397	9,373	9,373

#internal market charges have not yet been processed, so net expenditure is overinflated for support services.

8.2. The majority of the current forecast overspend can be summarised as:

- £5.0m inflationary budget pressures across the Council, including increased fuel and utility costs and increased contract costs, including the agreed uplift to adult social care provider fees
- £4.8m unachieved savings, largely relating to Corporate Landlord, Property and Development
- £2.4m budget pressures in Children's Social Care and Safeguarding.
- £2.4m underachievement of income budgets, particularly within Place directorate.
- Offset by (£5.2m) underspends across the Council, principally through vacancy management savings and release of MRP budgets.

8.3. The £9.373m overspend that is currently forecast is after the application of £13.110m of additional funding for service delivery in the current year, compared to last year (as agreed by Full Council in February 2022). The key components of that growth were: funding for budget pressures identified during 2021/22 (£3.9m); savings not achievable (£3.8m); and growth applied for Highways budgets (£3.8m).

9. Income

9.1 The revenue budget is funded by £250.7m of income including specific government grants and retained local taxation receipts and £122.2m of income through fees and charges (included in service area net spending). Appendix 2 provides analysis of the current projection of specific government grant income by directorate, including any new allocations, and highlights the current delivery of income through fees and charges charged in services.

10. Savings

10.1. The savings projections for 2022/23 have been RAG rated and are presented in Appendix 3. This includes both savings agreed as part of the 2022/23 budget strategy and additional tactical budget savings. These projections show that 44% of the 2022/23 savings required have been rated as green with a further 33% with plans in place to be delivered (rated amber).

Table 2: Savings Delivery in 2022/23

Directorate	Red (£'000)	Amber (£'000)	Green (£'000)	Total (£'000)
Corporate Budgets	0	0	50	50
Health and Wellbeing	0	25	184	209
People	236	1,711	1,083	3,030
Place	4,426	1,580	2,707	8,713
Resources	172	0	511	683
Strategic Management Board	0	0	9	9
Tactical Budget Savings	0	3,680	4,800	8,480
Total Savings	4,834	6,996	9,344	21,174

11. Reserves

- 11.1 The 2022/23 budget strategy included a contribution of £4.028m to the General Fund balance which would then reach £15.550m, which is a safer level given the current profile of external financial risks. This is shown in the table below, and in appendix 5.
- 11.2 If the current projected overspend is not mitigated by appropriate management action and actually occurs, it would need to be funded from the General Fund balance, resulting in an outturn level of £6.177m.
- 11.3 This is an unsafe level for this balance to remain at, as it would limit the ability of the council to mitigate any further unforeseen shocks such as ongoing inflationary increases, climate events such as flooding and drought, or rapid reductions in available resources due to changed national policy.

General Fund	£'000
Balance as at 1 st April	11,522
Budgeted Contribution in 2022/23	4,028
Resulting Balance	15,550
2022/23 Current Projected Outturn (this report)	(9,373)
Potential General Fund Balance as at 31st March	6,177

12. Capital

- 12.1 The current capital programme and actual spend is detailed in Table 3 below, including updated projections on financing of the programme. Further detail is provided in Appendix 7.

Table 3: Projected Capital Programme Outturn

Directorate	2022/23 Revised Capital Programme (£'000)	2022/23 Actual Spend (£'000)	2022/23 % Budget Spend (£'000)	2023/24 Capital Programme (£'000)	2024/25 Capital Programme (£'000)
Health and Wellbeing	-	-	-	-	-
People	27,686	2,112	7.63	14,850	2,000

Place	75,126	19,936	26.54	93,210	30,932
Resources	486	26	5.42	1,000	-
Total General Fund	103,298	22,074	21.37	109,060	32,932
Housing Revenue Account	17,832	2,160	12.11	20,174	18,995
Total Capital Programme	121,129	24,234	20.01	129,234	51,927
Financed By:		*			
Borrowing	35,297			30,441	18,862
Government Grants	36,228			75,911	25,237
Other Grants	8,155			57	-
Other Contributions	19,022			8,603	-
Revenue Contributions to Capital	4,776			821	1,000
Major Repairs Allowance	4,090			4,828	4,828
Capital Receipts	13,561			8,573	2,000
Total Financing	121,129			129,234	51,927

12.2 The current capital programme assumes a level of capital receipts to finance the capital programme. Without these, the council may need to borrow externally, which would be more costly. Appendix 8 summarises the current capital receipt position and highlights both opportunities to secure receipts and the risk of increased revenue costs in future years.

13. Housing Revenue Account (HRA)

13.1 At Quarter 1 (Period 4), the HRA is projecting a minor overspend of £0.025m (0.13% of gross budget) due to reduced projected dwellings rent.

14. Dedicated Schools Grant (DSG)

14.1 There is no variance projected against the Central Allocation of Dedicated Schools Grant which is used to fund educational services provided on a Council wide basis to support all schools.

14.2 The Early Years Block DSG allocation for 2022-23 has increased to £17.368m. At this early stage in the year, forecast expenditure is set to budget.

14.3 The High Needs Block DSG allocation for 2022/23 has increased to £29.443m, which is expected to offset increased expenditure seen through last year. The in-year position is showing nil variance and the cumulative level of DSG surplus is forecast to remain at £0.582m. A clearer picture for the outturn position for 2022-23 will emerge once the level of top-up funding to be distributed to schools and post-16 education providers is confirmed for the start of the new academic year.

15. Financial Management

15.1 Key indicators of financial management can be examined through the management of routine financial transactions that the Council undertakes on a day to day basis. In paying suppliers, the Council has adopted a no Purchase Order, no pay process which ensure that transactions are only processed with a valid, authorised purchase order, thereby ensuring prompt payments to suppliers on receipt of invoice. Another key indicator of financial management is the level of aged debt that the Council is managing. These indicators will be tracked during the course of the financial year to monitor progress and effectiveness. The indicators as at Quarter 1 are detailed in Appendix 9.

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

Financial Strategy 2022/23 – 2026/27
Financial Rules

Cabinet Member (Portfolio Holder)

Gwilym Butler – Portfolio Holder – Finance and Corporate Resources

Local Member

Appendices

Appendix 1A – 2022/23 Projected Revenue Outturn by Service
Appendix 1B – 2022/23 Detailed Projected Revenue Outturn by Service
Appendix 1C – 2022/23 Projected Revenue Outturn by Portfolio Holder
Appendix 2 – 2022/23 Income Projections
Appendix 3 – Delivery of 2022/23 Savings Proposals
Appendix 4 – Reconciliation of Monitoring Projections to Savings Delivery
Appendix 5 – Amendments to Original Budget 2022/23
Appendix 6 – Reserves 2022/23
Appendix 7 – Projected Capital Programme Outturn 2022/23 – 2024/25
Appendix 8 – Projected Capital Receipts
Appendix 9 – Financial Management Indicators

APPENDIX 1A**2022/23 PROJECTED REVENUE OUTTURN BY SERVICE**

Directorate	Last Year Outturn £'000	Current Budget £'000	Current Forecast £'000	Current Variance £'000	Comments
Corporate Budgets	(53,552)	(54,398)	(56,255)	(2,047)	<ul style="list-style-type: none"> • (£1.517m) MRP requirement reduced due to capital programme slippage. • (£0.658m) Net financing costs reduced due to capital programme slippage and changed economic environment. • £0.128m additional fees (including external audit)
Health & Wellbeing					
Public Health	189	347	332	(14)	-
Regulatory Services	1,567	2,113	1,988	(124)	• Mainly due to staff vacancies, external secondments and one-off income from grants
Health & Wellbeing Total	1,756	2,460	2,321	(139)	
People					
Children's Social Care and Safeguarding	46,852	49,020	51,457	2,437	<ul style="list-style-type: none"> • £1.485m overspend on staffing due to use of agency workers • £1.255m overspend on disabled children's care packages, care leavers, adoption allowances and internal residential home costs • £1.086m overspend on supplies and services and transport budgets • (£1.388m) forecast underspend on placements, in anticipation of Stepping Stones project savings in year
Adult Social Care	115,564	119,409	120,750	1,340	<ul style="list-style-type: none"> • £1.715m forecast overspend on adult social care placements, mostly due to increased provider fees • £0.255m forecast overspend in Provider Services • £0.138m telecare equipment maintenance budget pressure • £0.091m forecast overspend relating to supported living and transport costs • (£0.858m) underspend on employee budgets in social work and business support teams, due to vacant posts
Housing Services	3,928	4,528	5,150	623	<ul style="list-style-type: none"> • £0.740m pressure on temporary accommodation • £0.152m unachieved income targets • (£0.269m) in year savings on employee costs
Learning and Skills	18,350	19,652	19,865	212	<ul style="list-style-type: none"> • £0.500m estimated fuel inflation pressure in Home to School transport • (£0.288m) variance relating to teachers' pension compensation payments and other underspends on employee-related costs
Children's Early Help, Partnerships and Commissioning	2,438	3,234	3,151	(82)	• Savings on employee budgets, as a result of delays in recruiting to new posts
Directorate Management	3,460	3,067	3,142	75	• Mainly due to a one-off legal cost

Directorate	Last Year Outturn £'000	Current Budget £'000	Current Forecast £'000	Current Variance £'000	Comments
People Total	190,592	198,909	203,514	4,605	
Place					
Commercial Services	3,866	(2,540)	2,447	4,987	<ul style="list-style-type: none"> £4.365m unachieved savings £0.639m inflationary pressures across utilities and maintenance
Homes and Communities	11,394	11,416	12,398	982	<ul style="list-style-type: none"> £0.577m variance in Leisure due to significant overspends at in-house leisure facilities and increased Serco contract costs £0.232m forecast net overspend for Theatre Services £0.163m forecast net overspend for Museums £0.125m Shropshire Local pressure (£0.156m) variance in Trading Standards and Licensing, due to vacancies
Economy and Place	4,872	4,979	5,876	897	<ul style="list-style-type: none"> £0.506m projected net loss of commercial income at Darwin Shopping Centre as rents are not increased as fast as planned due to changed economic conditions and to ensure that as many units as possible are occupied. £0.398m forecast variance in Planning Services as a result of reduced income, unachieved savings and increased enforcement costs
Infrastructure	49,006	56,869	57,490	622	<ul style="list-style-type: none"> £0.788m forecast variance in Environment and Transport (£0.197m abortive capital works and £0.521m budget pressure on parking income) £0.526m variance in Waste, principally because of increased PFI contract inflationary costs (£0.657m) variance in Highways; this favourable net position being the result of increased Streetworks income
Directorate Management	892	706	715	8	<ul style="list-style-type: none"> Minor variances
Place Total	70,030	71,430	78,925	7,496	
Resources					
Finance and Technology	2,258	4,157	3,798	(359)	<ul style="list-style-type: none"> (£0.248m) net underspend in Finance and Revenues and Benefits, as a result of additional grant income and staff vacancies (£0.111m) net underspend in Automation and Technology, mainly due to in-year savings on salary and supplies and services budgets
Workforce and Improvement	(988)	514	443	(71)	<ul style="list-style-type: none"> Predominantly employee budget savings as a result of vacancies in Risk Management and Insurance
Legal and Governance	1,076	954	904	(51)	<ul style="list-style-type: none"> Predominantly employee savings as a result of vacancies in Audit (£0.038m) and Legal Services (£0.028m)
Communications and Engagement	(87)	679	627	(52)	<ul style="list-style-type: none"> In year savings as a result of staff vacancies
Treasury & Pensions	9	65	68	3	<ul style="list-style-type: none"> Minor variances
Directorate Management	106	(169)	(164)	4	<ul style="list-style-type: none"> Minor variances
Resources Total	2,374	6,201	5,675	(526)	

Directorate	<i>Last Year Outturn £'000</i>	Current Budget £'000	Current Forecast £'000	Current Variance £'000	Comments
Strategic Management Board					
Chief Executive and PAs	(47)	(0)	(16)	(16)	• Minor variances
Programme Management	0	15	15	0	• Minor variances
Strategic Management Board Total	(47)	15	(1)	(16)	
TOTAL	<i>211,152</i>	224,616	234,180	9,373	

1B.1 DETAIL BY SERVICE AREA

CORPORATE BUDGETS	Full Year		
	Budget £	Forecast £	Variance £
Total	(54,397,990)	(56,444,759)	(2,046,769)

Corporate Budgets	(54,397,990)	(56,444,759)	(2,046,769)
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Forecast underspend due to slippage in delivery of capital schemes. MRP is repayable on borrowing from the year after completion of a constructed asset, and so capital scheme slippage means the MRP budget and capital financing costs budgets are expected to deliver in year savings of (£1.517m), of which (£1.000m) is MRP and (£0.517m) is as a result of changes in actual borrowing requirements.

Savings of (£0.513m) are also expected against interest payable budgets. The interest payable budget does not include any new external borrowing. The interest payable budget includes the current fixed term debt charges only.

The interest receivable budget is expected to deliver additional income of (£0.145m) due to changes in the Bank of England base rate compared to budget estimates.

HEALTH AND WELLBEING	Full Year		
	Budget £	Forecast £	Variance £
Total	2,459,530	2,320,837	(138,693)

Regulatory Services	2,112,620	1,988,351	(124,269)
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The majority of the forecast underspend of (£0.124m) relates to vacancies in the Health Protection Team.

Non Ring Fenced Public Health Services	306,990	292,566	(14,424)
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Minor variance from budget at Quarter 1.

Ring Fenced Public Health Services	39,920	39,920	-
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No variance from budget at Quarter 1.

PEOPLE	Full Year		
	Budget £	Forecast £	Variance £
Total	198,909,470	203,514,470	4,605,000

People Directorate Management	3,066,750	3,141,687	74,937
The £0.066m overspend within the Adult Services Director cost centre relates to a one-off legal cost.			
Adult Social Care Business Support and Development	3,967,690	3,847,359	(120,331)
<ul style="list-style-type: none"> • (£0.131m) underspend within Business Support mainly due to vacant posts (which are being recruited to). 			
Adult Social Care Management	1,001,410	925,192	(76,218)
All underspends are due to staffing vacancies. There are currently five service manager posts vacant. Two are being covered by agency staff in the short term, but recruitment is taking place across all vacancies.			
Adult Social Care Provider Services	3,712,730	3,967,437	254,707
<ul style="list-style-type: none"> • £0.146m overspend on Prevention contracts. • £0.065m underachievement of Shared Lives income due to a reduction in the numbers of providers supporting this method of care. • £0.044m overspend within the Council's nursing home, Four Rivers. £0.070m is due to nursing agency cover of staff vacancies. This is offset by some overachievement in income and reduced expenditure. • Day Services overspend, due to underachievement of income of £0.086m and increased delivery charges of £0.051m, • Overspends are offset by staffing vacancies (£0.129m). 			
Adult Social Care Operations	110,727,220	112,009,551	1,282,331
<ul style="list-style-type: none"> • £1.715m overspend across the purchasing budget. This is due to rising costs of care. Due to wage and price inflationary pressures across the sector, a 6% rate increase has been agreed in order to ensure stability, but only 2% was budgeted for. Client numbers are currently largely stable, but, due to a (national) shortage of domiciliary care workers, clients are being placed more often in short-term residential settings, which are more costly and less beneficial. • £0.138m overspend on telecare equipment maintenance as supply has run ahead of expectation. • £0.062m overspend on void supported living costs. • £0.029m underachievement of income within transport services • (£0.662m) underspend within the staffing budget due to delays in recruiting to vacant posts. (£0.450m) of this is within the community social work teams, (£0.103m) is within the hospital social work teams and (£0.109m) is within the mental health social work teams. 			
Housing Services	4,527,660	5,150,209	622,549
<ul style="list-style-type: none"> • £0.740m forecast overspend on temporary accommodation. Despite growth being agreed in the budget for this year, demand has continued to rise. This is due to an increase in the number of households presenting in housing need, in part due to a lack of suitable options to purchase in the housing market. There are currently 5 different projects in the pipeline to increase the supply of Temporary 			

PEOPLE	Full Year		
	Budget £	Forecast £	Variance £
Accommodation which will result in approx. 70 units being bought into use. <ul style="list-style-type: none"> • £0.099m overspend relating to carried forward 2020/21 income generation savings. • (£0.269m) underspend on staffing due to vacancies. (£0.183m) relates to some staff being funded from Ukrainian grant monies and not backfilled. 			
Children's Social Care and Safeguarding	49,019,970	51,457,079	2,437,109
<ul style="list-style-type: none"> • £2.571m overspend across pay and non-pay budgets due to a combination of levels of activity exceeding budget expectations and the complexity of the care needs of the children we work with. • Of this, £1.485m is an overspend on staffing across the social work teams is due to the provision of agency cover for 34 permanent staff vacancies. (Holding posts vacant is challenging due to the need to retain social worker caseloads at safe levels. A further £1.086m overspend is non-pay, arising from high levels of activity such as legal fees from care proceedings, medical assessments, transport and interpreter costs. Some of the additional cost reflects investment in preventative work. <p>Other variances:</p> <ul style="list-style-type: none"> • £0.502m overspend in the Disabled Children's Team (excluding staffing). £0.298m of this overspend relates to bespoke, short term care packages of prevention and support for disabled children. The remaining £0.204m relates to direct payments for disabled children. • £0.318m overspend in the Leaving Care Team (excluding staffing). £0.241m of this overspend relates to accommodation costs for care leavers and allowances paid to care leavers. • £0.271m overspend on the Council's five internal residential children's homes, largely due to additional staff hours/overtime, often due to children being placed who have higher care needs than previously anticipated. In addition, there has also been increased demand for crisis provision and outreach work supported by these staff. • £0.164m overspend in Adoption Services. £0.072m relates to Adoption Allowances, where there has been an increase in forecast expenditure in 2022/23. • (£1.388m) underspend relating to residential and fostering placements. • (£1.823m) underspend relates to the assumption that the Stepping Stones project will deliver in year savings. Delivery of this saving would offset the current forecast overspend of £0.435m across placements expenditure, which relates to a relatively small increase in the number of high cost placements. 			
Children's Early Help, Partnerships and Commissioning	3,233,640	3,151,426	(82,214)
(£0.082m) underspend due to delays in recruiting staff.			
Learning and Skills	19,652,400	19,864,531	212,131
<ul style="list-style-type: none"> • £0.500m due home to school transport (fuel inflation). • (£0.180m) underspend is forecast against salary budgets and associated costs, partly as a result of staff work on grant-funded projects. • (£0.108m) underspend is forecast against the teachers' pension compensation payments budget. This is under review. 			

PLACE	Full Year		
	Budget £	Forecast £	Variance £
Total	71,429,690	78,925,464	7,495,774

Director of Place	706,420	714,842	8,422
Minor variance from budget at Quarter 1.			
Assistant Director Commercial Services	170,270	171,785	1,515
Corporate Landlord, Property and Development	(3,566,710)	746,475	4,313,185
<ul style="list-style-type: none"> • £2.865m current underachievement income from investments in assets, being revised post-pandemic. • £1.473m delay in achievement of 'Efficiencies within administrative buildings', which are being revised post-pandemic. • £0.639m inflationary pressures (utilities). • £0.422m delay to delivery of identified savings. 			
Commercial Services Business Development	23,430	142,336	118,906
£0.119m delays in achieving commercial income savings.			
Climate Change	546,700	552,950	6,250
Minor variance from budget at Quarter 1.			
Shire Services	286,340	833,074	546,734
Shire Catering has a forecast overspend £0.574m. Shire Cleaning has a forecast underspend of (£0.027m).			
Assistant Director Economy & Place	324,550	327,935	3,385
Minor variance from budget at Quarter 1.			
Planning Services	1,867,190	2,265,477	398,287
<p>Development Management:- Savings target for 2022/23 not fully achieved at this point, amounting to £0.121m, and a reduction in income compared to budget of £0.083m.</p> <p>Building Control:- Additional costs of £0.135m in dealing with enforcement issues and dangerous structures.</p> <p>Natural and Historic Environment:- A variance of £0.045m associated with income generated and temporary staffing arrangements.</p>			
Economic Growth	1,290,460	1,290,583	123
Broadband	167,580	167,580	(0)
Planning Policy	908,650	908,738	88
Shrewsbury Shopping Centres (Commercial)	(129,140)	376,393	505,533

PLACE	Full Year		
	Budget £	Forecast £	Variance £
<p>Budgeted surplus is not now forecast to be achieved in the current year. This is due to adverse trading conditions in the retail sector which have been worsened by the recent national economic changes (inflation, increased utilities costs).</p> <p>Advice from the shopping centre's managing agent is that overall financial viability is enhanced through maximising occupancy. This has been achieved (currently 98% of trading space has been let) but, to achieve that, some commercial concessions have been negotiated by clients with the managing agent. It is expected by the council that overall market conditions will improve over the next 12-24 months, with a resulting improvement in the trading position of the centre.</p> <p>In the meantime, the local area continues to benefit from an active local retail offer including many independent traders, and with a positive economic outlook through the medium term.</p>			
Shrewsbury Shopping Centres (Development)	549,740	539,313	(10,427)
<p>The future of the Pride Hill and Riverside Shopping Centres are an intrinsic part of the Council's vision for the town centre hence being presented separately. Costs incurred in this area relate to enabling works to support the redevelopment of these former shopping centre sites in line with the proposed Smithfield and Riverside development, part of Shrewsbury's 'Big Town Plan'.</p> <p>Budgeted cost reflects the planned impact of two sites being redeveloped (service charges and ongoing utilities connections/use). Forecast indicates performance in line with estimates, but further cost efficiencies still being sought.</p>			
Assistant Director Infrastructure	273,160	237,805	(35,355)
Environment and Transport	10,282,080	11,070,017	787,937
<p>Parking:- Net parking income is projected to be lower than budget by £0.521m, mainly due to activity not yet having recovered to pre-pandemic levels and to delayed implementation of new prices.</p> <p>Strategic:- Forecast to be £0.197m over budget mainly as a result of works associated with town centre redesign. Under review.</p>			
Highways	12,741,730	12,084,673	(657,057)
<p>Highways (Streetworks) - Net income for this service area is anticipated to be (£0.712m) greater than budgets (works permissions and licences, and penalties where work is substandard or overruns).</p> <p>Highways Management - The main variances are additional staff resources for the assessment and planning/programming of works of £0.223m.</p> <p>Highways Operations - A net service budget saving of (£0.174m), largely due to (£0.237m) saved as a result of LED streetlights installed.</p>			
Waste Management	33,571,700	34,097,966	526,266

PLACE	Full Year		
	Budget £	Forecast £	Variance £
In line with the contract, inflation of the waste PFI is determined in January, although the budget was drafted before then. Actual inflation was c2.5% higher than anticipated creating budget pressure estimated as £0.450m.			
Assistant Director Homes and Communities	161,230	286,691	125,461
Largely due to the early implementation of the Shropshire Local initiative. Options to identify separate funding are being reviewed due to overlap with customer services operations (see below, under Resources).			
Housing Development and HRA	79,360	79,360	0
Cornovii Development Limited successfully concluded The Frith development in Shrewsbury in May 2022 where it delivered 33 homes, including 12 affordable homes, and overachieved against all expected outcomes. Cornovii Development Limited have also recently secured planning for 135 new low carbon homes on the London Road Development in Shrewsbury and expects to start works during Q3 this financial year. CDL are projecting to deliver 216 start-on-sites before April 2023.			
Bereavement Services	(213,480)	(234,591)	(21,111)
Registrars and Coroners	601,770	623,439	21,669
Trading Standards and Licensing	2,024,460	1,868,159	(156,301)
There is a forecast Underspend of (£0.156m) across Trading Standards and Licencing at Quarter 1. The most significant underspend in this area relates to Trading Standards & Parking Enforcement, largely due to staff vacancies.			
Head of Culture, Leisure & Tourism	547,950	570,470	22,520
Arts	66,320	67,816	1,496
Shropshire Hills AONB	52,000	52,000	(0)
Outdoor Partnerships	1,340,760	1,287,925	(52,835)
Delays in the recruitment to vacant posts have led to the favourable variance. It is not anticipated that these delays will have a detrimental impact on the service.			
Leisure	1,955,660	2,533,092	577,432
There is a forecast overspend of £0.578m for Leisure. £0.202m relates to additional contract payments at the Serco run centres and £0.190m in relation to Council run facilities. These overspends relate largely to staff costs of £0.149m, and other running costs (including increased utilities costs) of £0.087m.			
Libraries	3,445,190	3,513,557	68,367
There is a forecast overspend of £0.068m for Libraries at Quarter 1. This relates to unachieved savings of 0.075m and additional employee costs of £0.019m offset by savings on other costs of (£0.014m) and additional income of (£0.015m)			
Museums and Archives	1,436,410	1,599,443	163,033

PLACE	Full Year		
	Budget £	Forecast £	Variance £
There is a forecast overspend of £0.163m for Museums at Quarter 1. The majority of the overspend (£0.122m) relates to Acton Scott Working Farm, which is currently closed, resulting in forecast lost income of £0.142m, which is offset slightly by savings on employee and other costs of (£0.020m).			
Theatre Services	(82,090)	150,160	232,250
The forecast overspend is due to anticipated shortfalls in box office receipts (either as a continued effect of the pandemic and/or the cost of living crisis).			

RESOURCES	Full Year		
	Budget £	Forecast £	Variance £
Total	6,200,770	5,674,533	(526,237)

Resources Directorate Management	(168,870)	(164,391)	4,479
Automation and Technology	115,020	3,516	(111,504)
A number of minor (favourable) variances from budget.			
Finance	2,528,630	2,280,669	(247,961)
There are staff vacancies across the accountancy and revenues & benefits teams leading to forecast underspending of (£0.092m). Despite these vacancies, the energy rebate scheme has now been largely (89%) completed, with £14.9m paid to eligible households out of the £16.7m total which is anticipated. Delivery of this has been helped by additional grant income of (£0.140m) to support administration costs arising from the energy rebate scheme, used to recruit agency staff, supplemented by existing staff working additional hours. Longer term, there is recruitment activity in hand focused on 8 apprenticeship posts within the teams. If successful, this will help to create a pool of experienced staff for the future to fill future vacancies and to aid with succession planning.			
Housing Benefits	1,513,700	1,513,700	-
Business Improvement: Data, Analysis and Intelligence	229,510	209,390	(20,120)
Human Resources and Organisational Development	299,780	311,156	11,376
Risk Management and Insurance	(15,520)	(77,716)	(62,196)
Savings of (£0.062m) are currently forecast within the Insurance Team, largely due to a vacancy. The post is currently out for recruitment.			

RESOURCES	Full Year		
	Budget £	Forecast £	Variance £
Commissioning Development and Procurement	164,230	161,613	(2,617)
Legal Services	194,980	166,865	(28,115)
Democratic Services	56,850	73,252	16,402
Elections	538,500	540,465	1,965
Information Governance, Audit and Scrutiny	(290)	(38,497)	(38,207)
Minor variance from budget at Quarter 1.			
Treasury and Pensions	64,780	67,500	2,720
Communications & Engagement	679,470	627,011	(52,459)
There are expected net savings of (£0.032m) across Customer Services. These are as a result of a number of posts held vacant, delivering savings of (£0.198m). The operational overlap with Shropshire Local is being reviewed.			

STRATEGIC MANAGEMENT BOARD	Full Year		
	Budget £	Forecast £	Variance £
Total	14,830	(947)	(15,777)

Chief Executive & PAs	(140)	(15,917)	(15,777)
Programme Management	14,970	14,970	-

APPENDIX 1C**2022/23 PROJECTED REVENUE OUTTURN BY PORTFOLIO HOLDER**

Portfolio Holder	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
Leader and Portfolio Holder Policy and Strategy, Improvement and Communications	694	626	(68)
Deputy Leader and Portfolio Holder Economic Growth, Regeneration and Planning	6,965	7,200	235
Portfolio Holder Adult Social Care and Public Health	129,463	131,362	1,899
Portfolio Holder Climate Change, Natural Assets and the Green Economy	34,170	34,703	533
Portfolio Holder Children and Education	71,906	74,473	2,567
Portfolio Holder Communities, Culture, Leisure and Tourism, Transport	20,248	22,183	1,935
Portfolio Holder Digital, Data and Insight	591	460	(132)
Portfolio Holder Finance and Corporate Resources	(49,221)	(51,610)	(2,389)
Portfolio Holder Physical Infrastructure (Highways and Assets)	9,799	14,593	4,793
TOTAL	224,616	233,990	9,373

APPENDIX 2**2022/23 INCOME PROJECTIONS****Specific Government Grants**

The revenue budget for 2022/23 includes specific Government Grants of £250.760m. The majority of these budgets will be based on known allocations that the Government has announced for Shropshire Council. However during the course of the financial year, the Council will also bid for additional grant funding to support activities and so the value of Government Grants received in the financial year may be different to the budgeted figure. An analysis of specific Government Grants is provided in the table below :

Government Grants		Revised Budget £'000	Forecast Outturn £'000	Variance £'000
Corporate Budgets				
	Business Rate Retention Scheme - s31 Grants	(16,647)	(16,647)	0
	Social Care Support Grant	(12,620)	(12,620)	0
	Improved Better Care Fund	(11,863)	(11,863)	0
	Rural Service Delivery Grant	(6,941)	(6,941)	0
	New Homes Bonus	(4,651)	(4,651)	0
	Other Grants	(6,382)	(6,382)	0
	Total Corporate Budgets	(59,104)	(59,104)	0
Health and Wellbeing				
	Public Health Grant	(12,426)	(12,775)	(349)
	Other Grants	(216)	(277)	(61)
	Total Health and Wellbeing Grants	(12,642)	(13,053)	(411)
People				
	Dedicated Schools Grant	(105,555)	(105,555)	0
	Pupil Premium Grant	(3,668)	(3,668)	0
	Improved Better Care Fund	(1,967)	(1,967)	0
	Independent Living Fund	(1,512)	(1,512)	0
	Other Grants**	(3,223)	(7,954)	(4,731)
	Total People Grants	(115,925)	(120,656)	(4,731)
Place				
	Waste - PFI	(3,186)	(3,186)	0
	Other Grants	(1,841)	(2,779)	(938)
	Total Place Grants	(5,027)	(5,965)	(938)
Resources				
	Mandatory Rent Allowances: Subsidy	(49,000)	(49,000)	0
	Rent Rebates: Subsidy	(8,047)	(8,047)	0
	Other Grants	(1,015)	(3,163)	(2,148)
	Total Resources Grants	(58,062)	(60,210)	(2,148)
	Strategic Management Board	0	0	0
	TOTAL	(250,760)	(258,987)	(8,227)

**The additional grants forecast to be received and applied in 2022/23 include an additional £2m for Homes for Ukraine (People directorate), and £2.1m in Household Support Fund (Resources directorate).

Income from Fees and Charges

The forecast income from discretionary sales, fees and charges is showing a projected shortfall, mainly in client contributions within Adult Social Care Operations and trading income within Commercial Services. Some of this reduction in income has been offset by a contribution from earmarked reserves. Further work will be undertaken within these services to generate additional income to offset these projected shortfalls, or expenditure will be reduced accordingly.

Fees and Charges Income	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
Corporate Budgets	(1,301)	(1,126)	174
Health and Wellbeing			
Directorate Management	0	0	0
Public Health - Non Ringfenced	(251)	(211)	40
Public Health - Ringfenced	(5)	(9)	(4)
Health and Wellbeing Total	(256)	(220)	36
People			
Directorate Management	0	0	0
Adult Social Care Management	0	0	0
Adult Social Care Business Support & Development	(3,753)	(3,668)	85
Adult Social Care Provider Services	(1,187)	(992)	194
Adult Social Care Operations	(21,915)	(19,637)	2,278
Housing Services	(432)	(294)	138
Children's Social Care and Safeguarding	0	0	0
Children's Early Help, Partnerships and Commissioning	0	(3)	(3)
Learning and Skills	(1,829)	(1,812)	17
People Total	(29,116)	(26,406)	2,708
Place			
Directorate Management	0	0	0
Commercial Services	(17,802)	(13,894)	3,188*
Economy and Place	(8,104)	(7,461)	643
Homes and Communities	(10,192)	(9,700)	491
Infrastructure	(9,642)	(9,930)	(288)
Place Total	(45,020)	(40,985)	4,035
Resources			
Directorate Management	0	0	0
Workforce and Improvement	(620)	(638)	(18)
Finance and Technology	(4,725)	(4,567)	158
Legal and Governance	(177)	(92)	85
Communications and Engagement	(57)	(57)	0
Organisation Performance	0	0	0
Treasury and Pensions	(26)	(26)	0
Resources Total	(5,606)	(5,381)	225
Strategic Management Board	0	0	0
TOTAL	(81,358)	(74,119)	7,239

*£2.811m of the Commercial Services figure is within Shire Services, however forecast loss of income overall within the Shire Services is just £0.260m, as income is being forecast on non-discretionary rather than discretionary income budgets. The net position for Shire Services is a forecast overspend of £0.547m, as set out in Appendix 1B.

APPENDIX 3

DELIVERY OF 2022/23 SAVINGS PROPOSALS

2.1 Summary

The savings projections for 2022/23 have been RAG rated in order to establish the deliverability of the savings and any potential impact on the outturn position for the 2022/23 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 July 2022.

Directorate	Red (£'000)	Amber (£'000)	Green (£'000)	Total (£'000)
Corporate Budgets	0	0	50	50
Health and Wellbeing	0	25	184	209
People	236	1,711	1,083	3,030
Place	4,426	1,580	2,707	8,713
Resources	172	0	511	683
Strategic Management Board	0	0	9	9
Tactical Budget Savings	0	3,680	4,800	8,480
Total Savings	4,834	6,996	9,344	21,174

The update to the Financial Strategy considered the need to identify tactical budget savings to address the inflationary budget pressures projected for the 2022/23 financial year following the invasion of Ukraine.

The total tactical budget savings identified was £8.5m and delivery against these savings plans are included in the table above alongside those approved at Council in February 2022.

A breakdown of the savings rated red is provided below.

Ref	Directorate	Service Area	Description	Financial Year Saving Originally Required	2022/23 Saving Value (£'000)	Value Rated Red (£'000)
AS2	People	Adult Social Care Operations	Adult Social Care - Review and implementation of Finance tool	2022/23	58	18
AS12	People	Adult Social Care Operations	Adult Social Care - Review care provider contract arrangements	2022/23	119	119

Ref	Directorate	Service Area	Description	Financial Year Saving Originally Required	2022/23 Saving Value (£'000)	Value Rated Red (£'000)
2A37R	People	Housing Services	Increased Housing income	2020/21	132	99
P33	Place	Corporate Landlord, Property and Development	Raise additional income from new development	2022/23	27	27
P35	Place	Corporate Landlord, Property and Development	Efficiencies within administrative buildings	2022/23	2,000	1,473
P39	Place	Corporate Landlord, Property and Development	Raise income from investment in assets	2021/22	1,672	865
P39	Place	Corporate Landlord, Property and Development	Raise income from investment in assets	2022/23	2,000	2,000
H16	Place	Trading Standards and Licensing	Increase parking enforcement functions in line with the parking strategy	2020/21	40	40
CW2	Place	Leisure	Increase to fees and charges income	2022/23	22	22
RS8	Resources	Human Resources and Organisational Development	Review of Shropshire HR service level agreements with external clients	2022/23	30	30
RS9	Resources	Human Resources and Organisational Development	Increase Human Resources and Development income generated from commercial activities	2022/23	50	50
CW2	Resources	Risk Management and Insurance	Increase to fees and charges income	2022/23	1	1
CW2	Resources	Finance	Increase to fees and charges income	2022/23	3	3
CW2	Resources	Finance	Increase to fees and charges income	2022/23	12	12
CW2	Resources	Automation and Technology	Increase to fees and charges income	2022/23	49	49
RS34	Resources	Legal Services	Reduce external expenditure on legal services	2022/23	15	15

Ref	Directorate	Service Area	Description	Financial Year Saving Originally Required	2022/23 Saving Value (£'000)	Value Rated Red (£'000)
CW2	Resources	Information Governance, Audit and Scrutiny	Increase to fees and charges income	2022/23	1	1
RS6	Resources	Information Governance, Audit and Scrutiny	Increased income generation within Audit Services	2022/23	12	12
TOTAL					6,242	4,834

APPENDIX 4**RECONCILIATION OF MONITORING PROJECTIONS TO SAVINGS DELIVERY**

Directorate	Q1 Forecast (£'000)	Savings Pressure in 2022/23 (£'000)	Ongoing Pressures Identified * (£'000)	Additional Ongoing Savings Identified (£'000)	One Off Pressures Identified (£'000)	One off Savings Identified (£'000)
Corporate Budgets	(2,047)	0	0	0	125	(2,172)
Health and Wellbeing						
Public Health	(14)	0	0	0	1,429	(1,443)
Regulatory Services	(124)	0	0	0	61	(185)
Health and Wellbeing Total	(139)	0	0	0	1,489	(1,627)
People						
Directorate Management	75	0	0	0	98	(24)
Adult Social Care	1,340	137	3,248	0	553	(2,596)
Housing Services	623	99	740	0	0	(217)
Children's Social Care and Safeguarding	2,437	0	687	0	5,734	(3,983)
Children's Early Help, Partnerships and Commissioning	(82)	0	0	0	110	(192)
Learning and Skills	212	0	500	0	0	(288)
People Total	4,605	236	5,175	0	6,495	(7,300)
Place						
Directorate Management	8	0	0	0	8	0
Commercial Services	4,987	4,365	1,069	0	906	(1,353)
Economy and Place	897	0	0	0	1,021	(124)
Infrastructure	622	0	450	0	919	(747)
Homes and Communities	982	62	328	0	2,028	(1,435)
Place Total	7,496	4,426	1,846	0	4,883	(3,659)
Resources						
Directorate Management	4	0	0	0	4	0
Workforce and Improvement	(71)	81	0	0	96	(248)
Finance and Technology	(359)	64	0	0	1,405	(1,828)
Legal and Governance	(51)	28	0	0	18	(97)
Treasury and Pensions	3	0	0	0	3	0
Communications and Engagement	(52)	0	0	0	175	(227)
Resources Total	(526)	172	0	0	1,701	(2,400)
Strategic Management Board						
Chief Executive and PAs	(16)	0	0	0	0	(16)
Programme Management	0	0	0	0	0	0
Strategic Management Board Total	(16)	0	0	0	0	(16)
TOTAL	9,373	4,834	7,022	0	14,693	(17,174)

*Ongoing budget pressures should be mitigated in the first instance within service areas

APPENDIX 5**AMENDMENTS TO ORIGINAL BUDGET 2022/23**

£'000	Total	Corporate	Health & Wellbeing	People	Place	Resources	Strategic Management Board
Original Budget as Agreed by Council	224,616	(54,919)	3,449	198,809	70,934	6,328	15
Structure Changes:							
Quarter 1							
Movement of Emergency Planning from Workforce and Improvement to Regulatory Services	0		28			(28)	
Movement of Women's Refuges from Public Health to Housing Services	0		(1)	1			
Movement of Community Protection and Housing Enforcement from Regulatory Services to Trading Standards and Licensing	0		(1,292)		1,292		
Virements:							
Quarter 1							
Centralisation of MRP budgets not required in year (not a change in policy area spending, always intended to be spent on MRP)	0	521			(521)		
Realignment of budgets between Regulatory Services and Trading Standards and Licensing	0		276		(276)		
Movement of budget for education management system contract from Automation and Technology to Learning and Skills	0			99		(99)	
Quarter 1 Revised Budget	224,616	(54,398)	2,460	198,909	71,430	6,201	15

APPENDIX 6**RESERVES 2022/23****General Fund**

The General Fund reserve at 31st March 2022 stood at £11.522m, significantly below its optimum desired balance.

In the 2022/23, a one-off budget contribution to the General Fund is planned of £4.028m. However, based on the current monitoring position, the General Fund balance is currently projected to reduce significantly by year-end, to just £6.177m. This is not considered sustainable and therefore as stated earlier in the report, it is necessary for the Council to identify mitigations to reduce the overspend projected in 2022/23.

General Fund	£'000
Balance as at 1 st April	11,522
Budgeted Contribution	4,028
Sub-total – Balance before impact of in-year monitoring	15,550
2022/23 Projected Outturn	(9,373)
Projected General Fund Balance as at 31st March	6,177

Earmarked Reserves

The Council held balances of £81.447m (excluding School Balances) in Earmarked Reserves as at 1st April 2022. The Financial Strategy for 2022/23 assumed a contribution from earmarked reserves to balance the budget and other transactions are planned from earmarked reserves during the course of the year. The current projections for the year end balance in earmarked reserves is detailed in the table below.

Earmarked Reserves	1st April 2022 £'000	Forecast Net Contribution to/from Reserve £'000	31st March 2023 £'000
Sums set aside for major schemes, such as capital developments, or to fund major reorganisations	25,431	(8,021)	17,410
Insurance Reserves	3,754	0	3,754
Reserves of trading and business units	0	0	0
Reserves retained for service departmental use	50,001	(26,661)	23,340
Reserves held for schools	2,261	0	2,261
Total	81,447	(34,682)	46,765

APPENDIX 7

PROJECTED CAPITAL PROGRAMME OUTTURN 2022/23 – 2024/25

The capital budget for 2022/23 is continuously being monitored and changed to reflect the nature of capital projects which can be profiled for delivery over several years. In Quarter 1 there has been a net budget decrease of £24.643m for 2022/23, compared to the position reported at Outturn 2021/22. The tables below summarise the overall movement, between that already approved and changes for Quarter 1.

[Shropshire Council - Capital Programme 2022/23 - 2024/25](#)

[Capital Programme Summary - Quarter 1 2022/23](#)

Directorate	Initial Budget 2022/23 £	Slippage & Budget Changes To Outturn 2021/22 £	Virements Quarter 1 £	Revised Budget 2022/23 £	Actual Spend £	Spend to Budget Variance £	% Budget Spend	Outturn Projection £	Outturn Projection Variance £	2023/24 Revised Budget £	2024/25 Revised Budget £
General Fund											
Health & Wellbeing	0	0	0	0	0	0	0.00%	0	0	0	0
People	17,795,052	11,228,667	(1,337,724)	27,685,995	2,111,613	25,574,382	7.63%	27,685,995	0	14,850,000	2,000,000
Place	90,657,149	7,773,783	(23,304,871)	75,126,061	19,936,328	55,189,733	26.54%	75,126,061	0	93,209,626	30,932,000
Resources	350,766	134,783	0	485,549	26,327	459,222	5.42%	485,549	0	1,000,000	0
Total General Fund	108,802,967	19,137,233	(24,642,595)	103,297,605	22,074,268	81,223,337	21.37%	103,297,605	0	109,059,626	32,932,000
Housing Revenue Account	16,510,712	1,320,913	0	17,831,625	2,159,765	15,671,860	12.11%	17,831,625	0	20,174,507	18,994,630
Total Approved Budget	125,313,679	20,458,146	(24,642,595)	121,129,230	24,234,033	96,895,197	20.01%	121,129,230	0	129,234,133	51,926,630

The main reason for the budget decrease of £24.643m in 2022/23 is the re-profiling to 2023/24 of £35.000m Department of Transport (DfT) Large Local Majors funding in relation to the North-West Relief Road (NWRR) scheme to reflect the anticipated delivery plan and confirmation of DfT Pothole Action Fund grant of £9.155m per annum from 2022/23 to 2024/25.

Inclusion of the NWRR scheme in the current capital programme is based on the outline business case and funded purely from the DfT awarded funding of £54.406m. Delivery of the NWRR scheme is critically impacted by the planning decision which is anticipated in September 2022 and completion of the final business case currently estimated for June 2023. Within the current DfT grant requirements, the current profile for expenditure of the £54.406m is required to be expended by March 2024.

The actual capital expenditure at Quarter 1 is £24.234mm, which represents 20.01% of the revised capital budget at Quarter 1, 33% of the year as Quarter 1 exceptionally covers periods 1 to 4 for 2022/23. This is slightly low in comparison to the total budget, but in line with the average expenditure percentage at this period in previous years. All budgets are fully allocated to projects and will be monitored for levels of spend throughout the remainder of the year. Based on recent years, the capital programme has out turned at

around 85% of the outturn budget, which on average has been around 20% lower than the budget at this point in the year, due to further re-profiling later in the year.

The level of spend is slightly low across the programme in some areas, but equal to the level of spend in the previous year at this period. In terms of the major areas the spend position is as follows: People 7.63% (budget £27.686m), Place 26.54% (budget £75.126m), Resources 2.42% (budget £0.485m), HRA Major Repairs & New Build Programme 12.11% (budget £17.832m).

Shropshire Council - Capital Programme Portfolio Holder Summary Quarter 1 2022/23

Portfolio Holder	Initial Budget 2022/23 £	Slippage & Budget Changes To Outturn 2021/22 £	Virements Quarter 1 £	Revised Budget 2022/23 £	Actual Spend £	Spend to Budget Variance £	% Budget Spend	Outturn Projection £	Outturn Projection Variance £	2023/24 Revised Budget £	2024/25 Revised Budget £
General Fund											
Portfolio Holder Adult Social Care and Public Health	6,612,500	9,044,486	(1,964,139)	13,692,847	1,344,032	12,348,815	9.82%	13,692,847	0	5,150,000	0
Deputy Leader and Portfolio Holder Economic Growth, Regeneration and Planning	4,124,960	1,731,681	50,708	5,907,349	2,769,718	3,137,631	46.89%	5,907,349	0	1,285,177	0
Portfolio Holder Climate Change, Natural Assets and the Green Economy	325,000	(4,395)	2,607,471	2,928,076	1,051,963	1,876,113	35.93%	2,928,076	0	325,000	0
Portfolio Holder Children and Education	11,182,552	2,184,181	626,415	13,993,148	767,581	13,225,567	5.49%	13,993,148	0	9,700,000	2,000,000
Portfolio Holder Resources	0	0	0	0	0	0	0.00%	0	0	0	0
Portfolio Holder Communities, Culture, Leisure and Tourism, Transport	30,000	36,838	0	66,838	9,193	57,645	13.75%	66,838	0	200,000	200,000
Portfolio Holder Digital, Data and Insight	5,330,711	429,919	(2,000,000)	3,760,630	193,752	3,566,878	5.15%	3,760,630	0	5,000,000	0
Portfolio Holder Physical Infrastructure (Highways, Built Housing, Assets) (General Fund)	81,197,244	7,035,436	(23,963,050)	62,948,717	15,938,030	47,010,687	25.32%	62,948,717	0	87,399,449	30,732,000
Leader and Portfolio Holder Strategy	0	-	-	0	0	0	0.00%	0	0	0	0
Total General Fund	108,802,967	20,458,146	(24,642,595)	103,297,605	22,074,268	81,223,337	21.37%	103,297,605	0	109,059,626	32,932,000
Housing Revenue Account											
Portfolio Holder Physical Infrastructure (Highways, Built Housing, Assets) (HRA)	16,510,712	0	0	17,831,625	2,159,765	15,671,860	12.11%	17,831,625	0	20,174,507	18,994,630
Total Approved Budget	125,313,679	20,458,146	(24,642,595)	121,129,230	24,234,033	96,895,197	20.01%	121,129,230	0	129,234,133	51,926,630

Cabinet 7th September 2022; Financial Monitoring Report Quarter 1 2022/23

Shropshire Council - Capital Budget Monitoring Report Quarter 1 2022/23

Directorate Service Area	Initial Budget 2022/23 £	Slippage & Budget Changes To Outturn 2021/22 £	Virements Quarter 1 £	Revised Budget 2022/23 £	Actual Spend £	Spend to Budget Variance £	% Budget Spend	Outturn Projection £	Outturn Projection Variance £	2023/24 Revised Budget £	2024/25 Revised Budget £
General Fund											
Health & Wellbeing	0	0	0	0	0	0	0	0	0	0	0
Public Health Capital	0	0	0	0	0	0	0.00%	0	0	0	0
Regulatory Services Capital	0	0	0	0	0	0	0.00%	0	0	0	0
People	17,795,052	11,228,667	(1,337,724)	27,685,995	2,111,613	25,574,382	1	27,685,995	0	14,850,000	2,000,000
Adult Social Care Contracts & Provider Capital	0	0	0	0	0	0	0.00%	0	0	0	0
Adult Social Care Operations Capital	3,332,500	412,911	(1,000,000)	2,745,411	335,852	2,409,559	12.23%	2,745,411	0	2,150,000	0
Children's Residential Care Capital	300,000	365,363	0	665,363	146,483	518,880	22.02%	665,363	0	0	0
Housing Services Capital	3,280,000	8,631,575	(964,139)	10,947,436	1,008,180	9,939,256	9.21%	10,947,436	0	3,000,000	0
Non Maintained Schools Capital	3,055,855	542,237	9,061	3,607,153	186,486	3,420,667	5.17%	3,607,153	0	4,500,000	0
Primary School Capital	4,967,048	1,074,421	1,273,412	7,314,881	362,860	6,952,021	4.96%	7,314,881	0	0	0
Secondary School Capital	250,000	220,655	49,849	520,504	29,446	491,058	5.66%	520,504	0	0	0
Special Schools Capital	0	70,067	7,733	77,800	42,086	35,714	54.10%	77,800	0	0	0
Unallocated School Capital	2,609,649	-88,562	(713,640)	1,807,447	220	1,807,227	0.01%	1,807,447	0	5,200,000	2,000,000
Place Capital - Commercial Services	14,714,402	2,685,090	1,383,379	18,782,871	5,241,427	13,541,444	0	18,782,871	0	11,561,855	5,000,000
Corporate Landlord Capital	14,714,402	2,685,090	1,383,379	18,782,871	5,241,427	13,541,444	27.91%	18,782,871	0	11,561,855	5,000,000
Place Capital - Economic Growth	9,104,905	2,026,817	(1,949,292)	9,182,430	2,937,142	6,245,288	1	9,182,430	0	5,285,177	0
Broadband Capital	4,979,945	295,136	(2,000,000)	3,275,081	167,424	3,107,657	5.11%	3,275,081	0	4,000,000	0
Development Management Capital	758,248	169,076	0	927,324	53,342	873,982	5.75%	927,324	0	215,634	0
Economic Growth Capital	2,940,753	1,049,605	50,708	4,041,066	2,100,723	1,940,343	51.98%	4,041,066	0	1,069,543	0
Planning Policy Capital	425,959	513,000	0	938,959	615,652	323,307	65.57%	938,959	0	0	0
Place Capital - Homes & Communities	30,000	36,838	0	66,838	9,193	57,645	1	66,838	0	200,000	200,000
Leisure Capital	30,000	26,127	0	56,127	0	56,127	0.00%	56,127	0	0	0
Outdoor Partnerships Capital	0	10,711	0	10,711	9,103	1,608	84.99%	10,711	0	200,000	200,000
Visitor Economy Capital	0	0	0	0	90	-90	0.00%	0	0	0	0
Place Capital - Infrastructure	66,807,842	3,025,038	(22,738,958)	47,093,922	11,748,565	35,345,357	1	47,093,922	0	76,162,594	25,732,000
Environment & Transport Capital	0	0	0	0	0	0	0.00%	0	0	0	0
Highways Capital	66,482,842	3,029,433	(25,346,429)	44,165,846	10,696,602	33,469,244	24.22%	44,165,846	0	75,837,594	25,732,000
Waste Capital	325,000	-4,395	2,607,471	2,928,076	1,051,963	1,876,113	35.93%	2,928,076	0	325,000	0
Resources	350,766	134,783	0	485,549	26,327	459,222	1	485,549	0	1,000,000	0
ICT Digital Transformation - CRM Capital	0	25,463	0	25,463	21,917	3,546	86.08%	25,463	0	0	0
ICT Digital Transformation - ERP Capital	0	0	0	0	0	0	0.00%	0	0	0	0
ICT Digital Transformation - Infrastructure & Archit	0	0	0	0	0	0	0.00%	0	0	0	0
ICT Digital Transformation - Social Care Capital	0	60,688	0	60,688	4,410	56,278	7.27%	60,688	0	0	0
ICT Digital Transformation - Unallocated Capital	350,766	48,632	0	399,398	0	399,398	0.00%	399,398	0	1,000,000	0
Total General Fund	108,802,967	19,137,233	(24,642,595)	103,297,605	22,074,268	81,223,337	5	103,297,605	0	109,059,626	32,932,000
Housing Revenue Account	16,510,712	1,320,913	0	17,831,625	2,159,765	15,671,860	0	17,831,625	0	20,174,507	18,994,630
HRA Dwellings Capital	16,510,712	1,320,913	0	17,831,625	2,159,765	15,671,860	12.11%	17,831,625	0	20,174,507	18,994,630
Total Approved Budget	125,313,679	20,458,146	(24,642,595)	121,129,230	24,234,033	96,895,197	20.01%	121,129,230	0	129,234,133	51,926,630

APPENDIX 8**PROJECTED CAPITAL RECEIPTS**

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. The table below summarises the current allocated and projected capital receipt position across 2022/23 to 2025/26. 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. Disposals rated marked "Green" are highly likely to be completed by the end of the financial year, those rated "Amber" are achievable but challenging and thus there is a risk of slippage, and those rated "Red" are highly unlikely to complete in year and thus there is a high risk of slippage. However, no receipts are guaranteed to complete in any financial year as there may be delays between exchanging contracts and completing.

Detail	2022/23 £	2023/24 £	2024/25 £	2025/26 £
Corporate Resources Allocated in Capital Programme	13,560,642	8,572,501	2,000,000	-
Capital Receipts used to finance redundancy costs	1,000,000			
To be allocated from Ring Fenced Receipts	12,564,885	7,659,873	4,000,000	14,422,844
Total Commitments	27,125,527	16,232,374	6,000,000	14,422,844
Capital Receipts in hand/projected:				
Brought Forward in hand	18,273,484	(5,024,811)	(21,192,185)	(27,192,185)
Generated 2021/22YTD	1,110,106	-	-	-
Projected - 'Green'	2,717,126	65,000	-	495,000
Total in hand/projected	22,100,715	(4,959,811)	(21,192,185)	(26,697,185)
Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward	5,024,811	21,192,185	27,192,185	41,120,029
Further Assets Being Considered for Disposal	21,142,409	21,929,023	4,749,464	7,300,000

Capital receipts of £18.273m were brought forward from 2021/22 and £1.110m has been generated to date in 2022/23. A further £2.717m is currently projected as 'Green' for 2022/23, of which £1.603m relates to the sale of small holdings, £0.601m to the sale of Economic Development assets, £0.489m to the sale of HRA properties under the Right to Buy scheme. Based on the current programme and capital receipts in hand and projected as Green, there are currently insufficient receipts projected to be generated to finance the capital programme for 2022/23; there being a projected shortfall of £5.025m. However, in 2022/23 assets currently being considered for disposal total £21.142m and of these £5.180m are RAG rated amber. Consequently, the currently projected shortfall of capital receipts in 2022/23 could be resolved by progressing the amber and red RAG rated disposals.

In 2023/24, 2024/25 and 2024/25 there are currently projected cumulative shortfalls of capital receipts of £21.192m, £27.192m and £41.120m, which may need to be financed from Prudential Borrowing if they cannot be addressed by progressing the disposals programmed for future years and will incur future year revenue costs that are not budgeted for in the revenue financial strategy.

Assets currently being considered for disposal total £55.121m which if realised would resolve the currently projected shortfall in capital receipts peaking at £41.120m in 2025/26. However, the vast majority (£46.114m) of these disposals are currently RAG rated "Red", meaning that they are highly unlikely to complete within the relevant financial years.

There is a significant and urgent pressure, therefore, to progress the disposals programmed for future years, to ensure that they are realised, together with realising the revenue running cost savings from some of the properties. Considerable work is required to realise these receipts, with generally a lead in time of at least 12 to 18 months on larger disposals.

APPENDIX 9

FINANCIAL MANAGEMENT INDICATORS

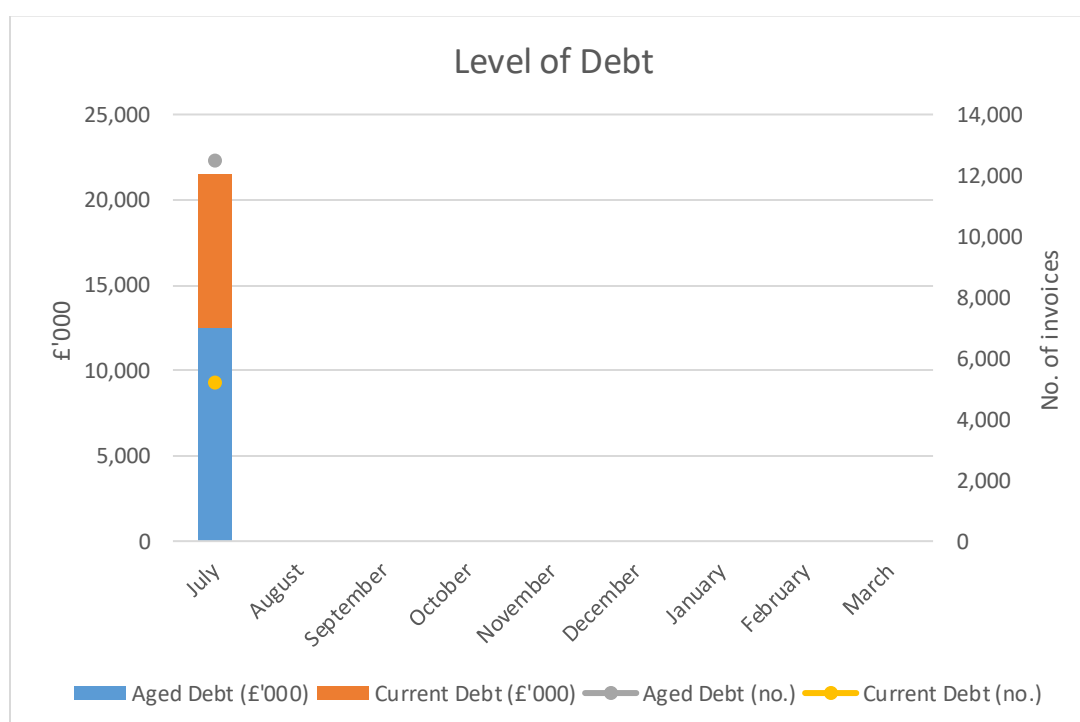
The two financial indicators detailed below will be tracked during the course of the financial year to provide assurance on the Council's financial management processes.

Payment of Invoices

April – July 2022	% of Invoices	No. of invoices
Paid within 30 days	92.79%	135,108
Invoices not paid within 30 days	7.21%	10,494
Total	100%	145,602

Aged debt

As at 31 st July 2022	Value (£'000)	No. of invoices
Aged Debt	12,446	12,466
Current Debt	9,037	5,195
Total	21,483	17,661



The payment of invoices indicator demonstrates that the Council is promptly paying invoices to suppliers with almost 93% of invoices being paid within 30 days.

The level of aged debt does however remain significant and the effects of the COVID pandemic are still impacting on the level of debt held. Focussed action will be made across the authority to improve recovery of debt in a more timely fashion.