

**Committee and Date**Cabinet
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Item

Public



Financial Monitoring Report Quarter 3 2022/23

Responsible Officer:	James Walton		
email:	james.walton@shropshire.gov.uk	Tel:	01743 258915
Cabinet Member (Portfolio Holder):	Gwilym Butler, Finance & Corporate Support		

1. Synopsis

The Council's projected financial position at Quarter 3 is still demonstrating a challenging position with ongoing cost pressures in Adult Social Care and Children's Social Care alongside the impact of inflation.

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 December 2022.
- 2.2 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' of £9.950m. 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 final 3 months of the year, 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 £115.119m, in line with the current budget with current capital expenditure of £51.590m, (55% of the budget at Quarter 3, with 75% of the year elapsed).

- In 2022/23 capital receipts are projected to be sufficient to finance the capital programme, with a surplus of £10.412m currently projected at the year end.
- In 2023/24, 2024/25 and 2025/26, 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.

2.3. The forecast revenue outturn overspend of £9.950m at Quarter 3 compares with a forecast overspend of £10.998m at Quarter 2. Although in-year savings have been identified almost across the board within the rest of the Council, the position for children's social care has deteriorated significantly. See appendix 1A for details of the movement between Quarter 2 and Quarter 3.

3. Recommendations

3.1. It is recommended that Members:

- A. Note that at the end of Quarter 3 (31st December 2022), the full year revenue forecast is a potential overspend of between £4.138m and £17.506m, with best estimates indicating an overall overspend of £9.950m;
- B. Considers the detrimental impact of this on the Council's General Fund balance and mitigating actions urgently required to avoid this.

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.
- 4.2. 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.
- 4.3. 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.
- 4.4. The level of savings delivery and financial pressures in the current year are a recognised risk for the 2023/24 budget, and additional measures are being put in place to address this.
- 4.5. 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. These two areas of expenditure are anticipated to have a positive contribution towards climate change outcomes.

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 9 months of transactions in this financial year.

8. Projected Revenue Outturn

8.1. At Quarter 3 (Period 9), the Council is reporting a forecast overspend of £9.950m. 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)	Forecast Outturn (£'000)	(Under)/Overspend (£'000)
People	182,831	195,818	12,987
Place	63,766	68,784	5,018
Strategic Management Board	731	699	(32)
Health and Wellbeing	1,356	1,091	(265)
Resources	25,624	23,880	(1,744)
Service Spending	274,308	290,272	15,964
Corporate Budgets	(49,692)	(55,706)	(6,014)
Total Net Expenditure	224,616	234,566	9,950

Funded By:			
Council Tax	(180,285)	(180,285)	0
Business Rates	(36,844)	(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	0
Total Funding	(224,616)	(224,616)	
Total Overall	0	9,950	9,950

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

- £5.1m budget pressures in Adult Social Care
- £8.0m budget pressures in Children's Social Care and Safeguarding
- £5.3m unachieved savings within the Place directorate, largely relating to Corporate Landlord, Property and Development
- Offset by (£8.4m) underspends across the Council, principally through vacancy management savings, increased Treasury Management income (interest receivable) and release of MRP budgets and earmarked reserves.

9. Income

9.1. The revenue budget is funded income including specific government grants and retained local taxation receipts. Grant values are advised in the settlement before the start of the year and are unchanged. Taxation receipts have improved in excess of budgeted estimates – this is reflected in the Collection Fund forecast, elsewhere on this agenda. Income through discretionary fees and charges is included in budgets for 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 69% of the 2022/23 savings required have been rated as green. Of the unachieved savings, £1.2m will remain as a pressure for next year, the remainder being addressed in budget proposals.

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	0	209	209
People	501	0	2,530	3,030
Place	5,272	0	3,441	8,713
Resources	50	0	634	684
Strategic Management Board	0	0	9	9
Tactical Budget Savings	768	0	7,712	8,480
Total Savings	6,591	0	14,585	21,175

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 £5.600m.
- 11.3 This is an unsafe level for this balance to reach, 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 reductions in available resources due to changed national policy. Independent advice is that General Fund un-earmarked reserves should equate to 5%-10% of next spending. Actions to address this are set out in the update of the MTFS, also on this agenda.

General Fund	£'000
Balance as at 1 st April 2022	11,522
Budgeted Contribution in 2022/23	4,028
Resulting Balance	15,550
2022/23 Current Projected Outturn (this report)	(9,950)
Potential General Fund Balance as at 31st March	5,600

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 Actual YTD spend as % of Budgeted YTD Spend	2023/24 Capital Programme (£'000)	2024/25 Capital Programme (£'000)
Health and Wellbeing	-	-	-	-	-
People	25,225	8,395	33.28	20,639	17,577
Place	71,462	48,453	67.80	72,605	78,715
Resources	486	72	14.91	1,000	-
Total General Fund	97,173	56,920	58.58	94,244	96,292
Housing Revenue Account	17,946	2,705	36.83	20,475	15,122
Total Capital Programme	115,119	42,126	55.19	114,719	111,414
Financed By:					
Borrowing	35,416			41,079	30,837
Government Grants	41,015			48,690	58,838
Other Grants	6,515			118	61
Other Contributions	15,067			7,175	5,861
Revenue Contributions to Capital	5,195			749	-
Major Repairs Allowance	4,090			4,828	4,828

Capital Receipts	7,821			12,080	10,989
Total Financing	115,119			114,719	111,414

* Actual financing of the capital programme is determined at closedown.

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 3 (Period 9), the HRA is projecting a minor overspend of £0.112m (0.56% of gross budget) due to reduced projected dwellings rent. This will be financed through the HRA reserve.

14. Dedicated Schools Grant

14.1 Although there is a (£0.426m) surplus reported against the central allocation of Dedicated Schools Grant (DSG), which is used to fund educational services provided on a Council wide basis to support all schools, this underspend will be retained on the balance sheet for use in future years. The majority of the underspend (£0.386m) relates to the High Needs Block of DSG.

14.2 Significant growth has been allocated to the High Needs Block in 2022-23. While the expenditure continues to increase year on year, the forecasted spend has not increased by as much as the increase in funding. For example, post 16 FE College placements saw the budget increased by £0.581m in anticipation of significant growth in numbers of pupils and expenditure, however we are currently reporting a (£0.817m) underspend against this budget.

14.3 A report has been presented to Schools Forum on the High Needs Block DSG 3 year forecast for 2023-24 to 2025-26. While the financial position for 2022-23 and 2023-24 is forecast to be healthy, Schools Forum members have been told that the position will start to worsen from 2024-25 onwards if current growth assumptions are correct. Schools Forum members and Officers will need to consider a range of strategies to manage the future increase in demand so that it is sustainable within future year's High Needs Block DSG allocations.

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.

15.2. 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.

15.3. Another key indicator of financial management is the level of aged debt that the Council is managing. These indicators are tracked over the course of the financial year to monitor progress. The indicators as at Quarter 3 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
Financial Monitoring Report Quarter 1 2022/23
Financial Monitoring Report Quarter 2 2022/23

Local Member:

All

Appendices [Please list the titles of 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 / Service	Controllable Budget at Q3*	Forecast Outturn at Q3	Forecast Outturn Variance at Q3	Movement from Q2 to Q3	Forecast Outturn Variance at Q2	Reasons for Movement
	£'000	£'000	£'000	£'000	£'000	
People						
Children's Social Care and Safeguarding	44,362	52,390	8,028	2,304	5,724	See table below
Adult Social Care	115,131	120,280	5,149	(865)	6,013	See table below
Directorate Management	632	704	73	8	65	Minor variations
Housing Services	4,109	4,109	0	0	0	No variation
Learning and Skills	16,028	16,018	(10)	51	(62)	Increased forecast costs of home to school transport, particularly in relation to SEND statutory transport
Children's Early Help, Partnerships and Commissioning	2,570	2,318	(251)	(31)	(221)	Minor variations
People Total	182,831	195,818	12,987	1,467	11,520	
Place						
Commercial Services	659	5,662	5,004	427	4,577	<ul style="list-style-type: none"> • £0.338m deterioration in the position relating to Shire Services, as a result of the NJC pay award not previously included. as well as reduced income. • £0.061m increased Corporate Landlord costs due to fire risk assessment issues.
Homes and Communities	7,445	7,900	455	33	422	Minor variations
Economy and Place	2,909	3,133	224	26	198	Minor variations
Directorate Management	360	435	76	48	28	Minor variations

Directorate / Service	Controllable Budget at Q3*	Forecast Outturn at Q3	Forecast Outturn Variance at Q3	Movement from Q2 to Q3	Forecast Outturn Variance at Q2	Reasons for Movement
	£'000	£'000	£'000	£'000	£'000	
Infrastructure	52,393	51,652	(740)	(683)	(57)	<ul style="list-style-type: none"> • (£0.290m) reduction in forecast costs of Waste Management following reduced landfill tonnages and increased forecast income relating to the Energy Recovery Facility. • (£0.235m) net reduction in forecast costs of Environment and Transport following a net reduction in the cost of supported bus services and an improvement in net parking income. • (£0.158m) net reduction in forecast Highways costs as a result of increased Streetworks income and reduced management resource and support costs.
Place Total	63,766	68,784	5,018	(150)	5,167	
Resources						
Finance and Technology	12,598	11,855	(743)	(282)	(460)	<ul style="list-style-type: none"> • (£0.212m) additional vacancy management savings and reduced supplies and services costs forecast within Finance. • (£0.070m) increased income and additional one-off funding identified within Automation and Technology.
Workforce and Improvement	3,768	3,250	(518)	(238)	(280)	Additional vacancy management and supplies and services savings identified. Also released some earmarked reserves no longer required.
Communications and Engagement	3,426	3,146	(280)	(45)	(235)	Minor variations
Treasury and Pensions	(81)	(88)	(6)	(1)	(5)	Minor variations
Directorate Management	277	282	5	0	5	No movement
Legal and Governance	5,637	5,435	(202)	205	(407)	Increased pressures in relation to Legal Services childcare costs (legal disbursements and external legal support costs) due to an increased number of more complex cases, meaning longer hearing times and increased costs
Resources Total	25,624	23,880	(1,744)	(361)	(1,384)	
Corporate Budgets	(49,692)	(55,705)	(6,013)	(1,892)	(4,121)	Forecast adjusted for 2022/23 pay inflation (corporate funding) and release of corporate earmarked reserves (2.066m) following a review of uncommitted balances..

Directorate / Service	Controllable Budget at Q3*	Forecast Outturn at Q3	Forecast Outturn Variance at Q3	Movement from Q2 to Q3	Forecast Outturn Variance at Q2	Reasons for Movement
	£'000	£'000	£'000	£'000	£'000	
Health and Wellbeing						
Public Health	(269)	(346)	(77)	4	(81)	NA
Regulatory Services	1,625	1,437	(188)	(101)	(87)	Further application of (COVID) Contain Outbreak Management Fund.
Health and Wellbeing Total	1,356	1,091	(265)	(97)	(168)	
Strategic Management Board						
Chief Executive and PAs	729	695	(34)	(18)	(16)	Minor variations
Programme Management	1	3	2	2	0	Minor variations
Strategic Management Board Total	731	699	(32)	(16)	(16)	
Council Total	224,616	234,566	9,950	(1,048)	10,998	

*Budgets exclude non-controllable costs, internal market and corporate landlord recharges

Social Care Service Area	Forecast Outturn Variance at Q3 £'000	Movement from Q2 to Q3 £'000	Reasons for Movement
Adult Social Care	5,149	(865)	<p>+£3.160m increase in forecast spot purchasing expenditure, mainly in care homes, due to a new short- and long-term service users and an increase to average weekly rates.</p> <p>(£1.446m) reduction in reablement expenditure, which in turn has led to some of the additional costs above (staff refocused).</p> <p>(£2.267m) additional NHS funding confirmed towards hospital discharge related expenditure.</p> <p>+£0.439m increased in forecast block contract expenditure, mainly due to service users needing high cost supported living.</p>

			(£0.285m) reduction in staffing costs
Children's Social Care and Safeguarding	8,028	2,304	<p>+£1.044m forecast increased spending in relation to residential and fostering placements (includes internal residential homes): £0.857m relates to external residential placements with 9 new external residential placements in November and December which was higher than forecast at Q2. The remainder of the increase relates to internal residential homes.</p> <p>+£0.413m forecast increase in Disabled Children's Team expenditure, mainly due to £0.210m complex home care packages, and £0.121m on the overnight short breaks contract.</p> <p>+£0.301m forecast increase in LAC Service expenditure: £0.151m on staffing and £0.150m on non-staffing costs (transport and supplies and services).</p> <p>+£0.167m increase in Quality and Assurance expenditure, and +£0.147m increase in Case Management expenditure: £0.147m increase in non-staffing relating to transport and supplies and services costs.</p>

APPENDIX 1B**DETAIL BY SERVICE AREA**

Directorate	Revised Budget* £	Forecast Outturn £	Variance £
People	182,831,290	195,818,631	12,987,341
Place	63,765,800	68,783,606	5,017,806
Strategic Management Board	730,710	698,743	(31,967)
Health and Wellbeing	1,356,150	1,090,845	(265,305)
Resources	25,624,280	23,879,663	(1,744,617)
Corporate Budgets	(49,691,930)	(55,705,788)	(6,013,858)
Total	224,616,300	234,565,700	9,949,400

*Budgets exclude non-controllable costs, internal market and corporate landlord recharges

CORPORATE BUDGETS	Full Year			RAGY
	Budget £	Forecast £	Variance £	
Total	(278,257,040)	(284,270,898)	(6,013,858)	Y

Corporate Budgets	Portfolio Holder Finance and Corporate Resources				
		(278,257,040)	(284,270,898)	(6,013,858)	Y
<p>The interest receivable budget is expected to deliver additional income of (£2.174m) due to increases in the Bank of England base rate. The current estimates are based on assumptions of the value of investment balances.</p> <p>The MRP budget is expected to deliver one-off in year savings of (£1.300m). Of this, (£1.000m) is the result of releasing budget held for potential additional MRP costs from new projects. (£0.300m) is as a result of changes in actual borrowing requirements identified during the 2021-22 closedown.</p> <p>Savings of (£0.513m) are expected against interest payable budgets, however recent Bank of England base rate increases will have an impact on borrowing rates going forward; i.e. it will be more expensive to borrow. The interest payable budget does not include any new external borrowing. The interest payable budget includes the current fixed term debt charges only.</p> <p>A review of earmarked reserves has been carried out to determine if any balances can be uncommitted at this stage of the financial year. It has been determined that balances of £2.066m can be released from Earmarked Reserves as commitments originally anticipated for 2022/23 are no longer required.</p>					

HEALTH AND WELLBEING	Full Year			RAGY
	Budget £	Forecast £	Variance £	
Total	1,356,150	1,090,845	(265,305)	Y

Regulatory Services	Portfolio Holder Highways and Regulatory Services	1,625,020	1,436,951	(188,069)	Y
The underspend is due to vacant posts within the Health Protection Team and a significant review and redesign of the service to optimise capacity, resilience and performance. The new structure has now been developed with recruitment to all posts, providing confidence internally and externally (to the Food Standards Agency), that the service has an appropriate establishment for meeting statutory Official Food Control targets moving forward. Underspends have occurred due to delays in filling vacant posts. In the interim, and to assist with meeting existing food inspection targets, EHO Food Safety consultants were appointed, funded from that underspend. In addition, resources have been diverted to activities associated with Contain Outbreak Management.					
Non Ring Fenced Public Health Services	Portfolio Holder Adult Social Care and Public Health	231,490	154,255	(77,235)	Y
The favourable variance is due to the application of Contain Outbreak Management Funding, where resources have been diverted to this initiative.					
Ring Fenced Public Health Services	Portfolio Holder Adult Social Care and Public Health	(500,360)	(500,360)	-	G
No variance from budget as at Quarter 3.					

PEOPLE	Full Year			RAGY
	Budget £	Forecast £	Variance £	
Total	182,831,290	195,818,631	12,987,341	R

People Directorate Management	Portfolio Holder Adult Social Care and Public Health	631,590	704,302	72,712	A
There is a £0.073m overspend within the Adult Services Director cost centre. £0.066m relates to a one-off legal cost.					
Adult Social Care Business Support and Development	Portfolio Holder Adult Social Care and Public Health	2,873,770	2,660,225	(213,545)	Y
There is a (£0.214m) underspend within Adult Social Care Business Support. (£0.042m) relates to a one-off underspend on a contract. The remaining underspend relates to in year vacancy management savings.					
Adult Social Care Management	Portfolio Holder Adult Social Care and Public Health	965,650	839,420	(126,230)	Y
There is an underspend in this area due to staff vacancies. All commissioning service manager posts have now been recruited to, and recruitment is in progress for the remaining operational service manager posts. Recruitment expenses are offsetting a proportion of the gross underspend on salaries that has resulted from the vacant posts.					
Adult Social Care Provider Services	Portfolio Holder Adult Social Care and Public Health	2,741,320	2,719,722	(21,598)	Y
Minor variance from budget as at Quarter 3.					
Adult Social Care Operations	Portfolio Holder Adult Social Care and Public Health	108,550,470	114,060,438	5,509,968	R

The social care purchasing: £5.022m, as follows:

- £2.316m overspend on spot purchasing. The current gross pressure amounts to £6.771m. Initial forecasts indicated an estimated pressure of £3.163m due to 6% fee rate increase being agreed from 1st April but only 2% being budgeted for. There have since been further pressures. We have seen an increase in nursing care highlighting a complexity in people's needs from the community and through the hospital discharge routes; in addition to this the care market costs have significantly increased compared to pre pandemic levels and continue to remain high. Due to the continued pressure to support hospital discharges; we were asked to find additional capacity. Part of the budget pressure in this area has been offset with one-off contributions from reserves.

- £1.836m unachieved client contributions to care costs (income) - due to the increase in the minimum income guarantee, new service users' contributions have not increased as much as anticipated in the budget.

- £1.820m overspend on new and increased supported living packages, driven by increased complexity in service users' needs, and so work is underway to remodel the service.

In addition, there is a net forecast underspend of (£0.487m) across all other services within Adult Social Care Operations, primarily due to an underspend on staffing, as a result of vacant posts.

Housing Services	Portfolio Holder Adult Social Care and Public Health	4,108,600	4,108,600	-	G
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No variance from budget as at Quarter 3.

Children's Social Care and Safeguarding	Portfolio Holder Children and Education	44,361,830	52,389,638	8,027,808	R
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- £2.620m overspend on placement costs, primarily residential spot placements which has increased from 36 to 50.

- £1.837m overspend on staffing. The majority of this relates to agency social workers (37.4 FTE) covering vacancies.

- £0.840m overspend in the Disabled Children's Team (non-staffing): £0.521m due to short term care packages of prevention and support for disabled children. This is an area which has seen a significant increase in demand. 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. £0.198m relates to direct payments for disabled children. Although growth was included in the 2022/23 budget, the increase in numbers of children requiring support has been greater than anticipated. This is as well as an increase in the number of support hours per child, which indicates an increase in complexity. The remaining £0.121m overspend relates to overnight short breaks provision.

- £0.660m overspend due to other demand related costs such as transport related expenditure e.g taxi costs or travel allowances or expenses. These costs have increased in line with the increase in demand.

- £0.474m overspend in the Leaving Care Team (non-staffing). £0.397m of this overspend relates to accommodation costs for care leavers and allowances paid to care leavers, reflecting an increased number of children staying in supported accommodation after their 18th birthday.

- £0.358m overspend on the Council's five internal residential children's homes. The majority is due to additional hours/overtime in response to an increase in complexity of the children accommodated in these homes.

- £0.340m overspend in Adoption Services. £0.149m relates to Adoption and Special Guardianship Order Allowances, where there has been an increase in forecast expenditure in 2022/23. £0.117m forecast overspend relates to intra agency adoption fees where the Council has paid fees for adoption placements with adoption agencies.

- £0.245m overspend relating to Public Law Outline Support Packages. This overspend reflects increasing legal costs in line with the increase in demand.

The service is considering a number of strategies to address the current budget pressures, particularly around residential placements and agency social workers. These include investing in the Council's internal foster carers and reviewing terms and conditions for social work staff to ensure Shropshire's pay and conditions are competitive with neighbouring local authorities.

Children's Early Help, Partnerships and Commissioning	Portfolio Holder Children and Education	2,569,670	2,318,267	(251,403)	Y
The forecast underspend is due to delays in recruiting staff to new posts. (£0.221m) of this forecast underspend relates to the Council's 3 family hubs, (£0.012m) to the Parenting team and (£0.021m) to the Not in Education, Employment or Training (NEETS) team.					
Learning and Skills	Portfolio Holder Children and Education	16,028,390	16,018,020	(10,370)	Y
<ul style="list-style-type: none"> • £0.335m estimated overspend on home to school transport caused by increased costs from external providers. This pressure is partially caused by an agreed price uplift to operators' daily contract prices by 5% earlier in the financial year to support them to deal with the impact of fuel price increases. • (£0.291m) underspend against staff related budgets (largely teachers' pension compensation payments). • The remaining (£0.055m) underspend relates to the use of one-off funding mainly in Learning and Skills Business Support. 					

PLACE	Full Year			RAGY
	Budget £	Forecast £	Variance £	
Total	63,765,800	68,783,606	5,017,806	R

Director of Place	Portfolio Holder Growth and Regeneration	359,560	435,410	75,850	A
There is a £0.047m pressure on annual subscriptions and £0.023m budget pressure relating to employee related costs.					

Assistant Director Commercial Services	Portfolio Holder Growth and Regeneration	132,290	143,583	11,293	G
Minor variance from budget as at Quarter 3.					
Corporate Landlord, Property and Development	Portfolio Holder Growth and Regeneration	1,095,930	5,096,087	4,000,157	R
<ul style="list-style-type: none"> • £2.021m commercial savings now unachievable due to market conditions. • £1.442m delay in achievement of Commercial savings. These are due to be achieved in future years. • £1.391m delay in achievement of 'Efficiencies within administrative buildings' relating to the closure of Shirehall and Mount McKinley and the use of the Guildhall. The savings are due to be achieved in full by 2026-27 when Council moves to new Multi-Agency Hub in Shrewsbury town centre. • £0.944m pressure projected as a result of unbudgeted inflationary pressures across utilities and maintenance, offset by one-off (£0.467m) draw from reserves. • £0.109m additional valuation costs have been incurred. • (£0.990m) in year savings resulting from unused MRP and enabling budgets, • One-off income of (£0.331m) is forecast to be generated across the estate • Delays between vacant posts being appointed to due to market issues is resulting in a projected (£0.025m) salary underspend. • Balanced by small underspends across the estate. 					
Commercial Services Business Development	Portfolio Holder Growth and Regeneration	(102,420)	32,229	134,649	R
The overspend is made up of a combination of £0.111m unachieved savings and £0.024m unachieved income to cover salary costs.					
Climate Change	Deputy Leader and Portfolio Holder Climate Change, Environment and Transport	520,080	521,612	1,532	G
Minor variance from budget as at Quarter 3.					
Shire Services	Portfolio Holder Growth and Regeneration	(986,970)	(131,077)	855,893	R
<p>The forecast overspend is due to the following factors:</p> <ul style="list-style-type: none"> • £0.410m savings target now not achievable. • £0.250m relates to salary overspends due to the additional pay award. • £0.180m recharges budget not achieved (recharging of Head Office staff to sites). • £0.044m relates to school catering deficits for 21/22 being paid for by the service. • £0.012m additional spend relating to holiday pay on additional hours worked, not included in the budget. 					
Assistant Director Economy & Place	Portfolio Holder Growth and Regeneration	249,500	255,194	5,694	G
Minor variance from budget as at Quarter 3.					
Planning Services	Portfolio Holder Highways and Regulatory Services	523,440	650,184	126,744	R
Additional costs (staff resource) of £0.086m for the Building Control service in dealing with enforcement issues & dangerous structures, and a variance of £0.043m associated with external income generated by the Natural and Historic Team.					
Economic Growth	Portfolio Holder Growth and Regeneration	930,610	930,610	(0)	Y
No variance from budget as at Quarter 3.					
Broadband	Portfolio Holder Culture and Digital	127,100	127,100	0	G

No variance from budget as at Quarter 3.					
Planning Policy	Portfolio Holder Highways and Regulatory Services	782,750	782,750	0	G
No variance from budget as at Quarter 3.					
Shrewsbury Shopping Centres (Commercial)	Portfolio Holder Growth and Regeneration	(234,900)	(190,154)	44,746	G
Minor variance from budget as at Quarter 3.					
Shrewsbury Shopping Centres (Development)	Portfolio Holder Growth and Regeneration	530,900	577,432	46,532	G
Minor variance from budget as at Quarter 3.					
Assistant Director Homes and Communities	Portfolio Holder for Health (Integrated Care System) and Communities	106,220	263,740	157,520	R
Developing the 'Shropshire Local' initiative will lead to unbudgeted costs of £0.127m, from the centre located in the Darwin Shopping Centre.					
Housing Development and HRA	Portfolio Holder Growth and Regeneration	6,470	(548,792)	(555,262)	Y
Following completion of Cornovii Developments Ltd's first scheme, the overage payment to the Council (as shareholder) resulting from the scheme is greater than anticipated and budgeted for.					
Bereavement Services	Portfolio Holder for Health (Integrated Care System) and Communities	167,460	136,885	(30,575)	Y
Minor variance from budget as at Quarter 3.					
Registrars and Coroners	Portfolio Holder for Health (Integrated Care System) and Communities	251,450	288,914	37,464	G
Minor variance from budget as at Quarter 3.					
Trading Standards and Licensing	Portfolio Holder Highways and Regulatory Services	1,538,540	1,445,664	(92,876)	Y
There is a forecast underspend of (£0.093m) across Trading Standards and Licencing at Quarter 3. The most significant underspend in this area relates to Trading Standards & Parking Enforcement, largely due to staff vacancies.					
Head of Culture, Leisure & Tourism	Portfolio Holder for Health (Integrated Care System) and Communities	461,980	468,992	7,012	G
Minor variance from budget as at Quarter 3.					
Arts	Portfolio Holder for Health (Integrated Care System) and Communities	62,430	57,408	(5,022)	Y
Minor variance from budget as at Quarter 3.					
Shropshire Hills AONB	Deputy Leader and Portfolio Holder Climate Change, Environment and Transport	(5,870)	(5,870)	(0)	Y

No variance from budget as at Quarter 3.					
Outdoor Partnerships	Portfolio Holder for Health (Integrated Care System) and Communities	1,110,740	1,080,490	(30,250)	Y
Minor variance from budget as at Quarter 3.					
Leisure	Portfolio Holder for Health (Integrated Care System) and Communities	1,539,410	2,134,842	595,432	R
The adverse variance is primarily due to the following factors:					
<ul style="list-style-type: none"> • £0.202m Increased cost of renegotiated SERCO contract, due to market factors. • £0.263m Additional costs of SERCO facilities, mainly as a result of closure of the Quarry swimming pool. • £0.210m pressure on Council-operated Leisure centres (loss of income and increased staff costs). • £0.046m legal and consultant fees. • (£0.142m) Funding from Public Health to support delivery Leisure. 					
Libraries	Portfolio Holder for Health (Integrated Care System) and Communities	2,230,840	2,267,690	36,850	G
Minor variance from budget as at Quarter 3.					
Museums and Archives	Portfolio Holder for Health (Integrated Care System) and Communities	790,320	954,660	164,340	R
There is a forecast overspend of £0.164m for Museums and Archives at Quarter 3. The majority of the overspend (£0.101m) relates to Acton Scott Working Farm, which is currently closed. Further overspends are due to a shortfall in projected income for Museum Learning and Shropshire Archives (£0.063m).					
Theatre Services	Portfolio Holder for Health (Integrated Care System) and Communities	(814,810)	(644,476)	170,334	R
Whilst there has been good post-pandemic admissions at the Theatre and Old Market Hall, there continues to be significant challenges both from the costs of operating and the cost of living crisis. This is anticipated to have a significant net impact on the service, currently estimated at £0.170m for 2022/23. A successful pantomime season achieved £0.843m in gross ticket income, breaking the previous record by £0.045m.					
Assistant Director Infrastructure	Portfolio Holder Highways and Regulatory Services	242,700	206,486	(36,214)	Y
Minor variance from budget as at Quarter 3.					
Environment and Transport	Deputy Leader and Portfolio Holder Climate Change, Environment and Transport	7,744,020	7,835,883	91,863	A
<ul style="list-style-type: none"> • Net parking income is projected to be lower than budgeted for. The budget pressure is currently estimated to be £0.190m. • Street Cleansing and Grounds Maintenance - Additional maintenance works have been required amounting to £0.059m. • There is a forecast overspend of £0.025m in Strategic Highways services, mainly connected to traffic engineering works and assessments. • Public Transport - There is a net reduction in the costs of supported bus services, amounting to (£0.182m). 					
Highways	Portfolio Holder Highways and	11,249,820	10,225,733	(1,024,087)	Y

	Regulatory Services				
<ul style="list-style-type: none"> The Streetworks team seeks to minimise disruption to the highways network and will penalise organisations that fail to complete their interventions in accordance with their permit to operate. Net income for this service area is anticipated to be (£0.566m) greater than budget. An energy saving of (£0.195m) is forecast, resulting from the LED streetlights already installed. This is currently delivering a saving of 5% compared to the 2022/23 budget. Budget savings are anticipated relating to Highways works resulting from increased 'Right First Time' capital repairs and some delays/savings in delivery of revenue works and engineering support. 					
Waste Management	Deputy Leader and Portfolio Holder Climate Change, Environment and Transport	33,156,210	33,384,398	228,188	G
<p>Inflation of the waste PFI contract is determined in January of the previous financial year, and in January 2022 RPI and RPIx were 7.7% and 8%. The inflationary growth included in the budget (determined during the autumn of 2021) was 5.5%, and therefore there is an ongoing inflationary budget pressure relating to this contract, in the region of £0.450m. However, one-off savings have been achieved in year through reduced landfill tonnages and greater forecast income being received in relation to the Energy Recovery Facility.</p>					

RESOURCES	Full Year			RAGY
	Budget £	Forecast £	Variance £	
Total	25,624,280	23,879,663	(1,744,617)	Y

Resources Management Team	Portfolio Holder Finance and Corporate Resources	276,830	281,586	4,756	G
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Minor variance from budget as at Quarter 3.

Organisation Performance Management	Portfolio Holder Culture and Digital	-	(1)	(1)	Y
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Minor variance from budget as at Quarter 3.

Automation and Technology	Portfolio Holder Culture and Digital	6,848,980	6,592,643	(256,337)	Y
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Savings have been identified on ICT system budgets.

Finance	Portfolio Holder Finance and Corporate Resources	4,241,670	3,755,178	(486,492)	Y
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There have been net savings identified across the Revenues and Benefits teams of (£0.355m) in relation to vacancies and staffing recharges within the teams. This is as a result of difficulties in recruiting staff to the vacant positions, and in relation to recharging staff to externally funded grant projects. There have been workforce pressures in relation to additional responsibilities within the team for administering new programmes such as energy rebates. This has resulted in the need for existing staff to work additional hours and the requirement for additional agency staff resources to support the team to deliver business critical activities, although this additional cost is funded by administration elements of the grant funding and from savings on vacant posts. There has been a successful recruitment activity focused on filling apprenticeship posts within the teams. This will help to create a pool of experienced staff for the future to fill future vacancies and to aid with succession planning. Additional one-off savings of (£0.135m) have been identified across grant income and a review of supplies and services budgets.

A net underspend of (£0.020m) is forecast within Finance, due to staffing savings and additional income generation.

Housing Benefits	Portfolio Holder Finance and Corporate Resources	1,507,020	1,507,020	-	G
No variance from budget as at Quarter 3.					
Business Improvement: Data, Analysis and Intelligence	Portfolio Holder Culture and Digital	913,330	888,376	(24,954)	Y
Minor variance from budget at Quarter 3.					
Human Resources and Organisational Development	Portfolio Holder Finance and Corporate Resources	2,871,170	2,451,314	(419,856)	Y
The team is currently undergoing a full-scale restructure of the services. This is currently resulting in an underspend on staff costs due to in year vacancies. These will all be filled moving forwards. Overall, there is a forecast underspend of (£0.187m) relating to Human Resources Business Partner and Advice Teams. There are further forecast underspends of (£0.108m) from a combination of additional income generation and vacancy management across Health & Safety and Occupational Health Teams, (£0.041m) relating to Payroll Services (as a result of vacancy management) and (£0.011m) relating to Corporate Training. Earmarked reserves of £0.080m have also been released relating to Occupational Health and Human Resources.					
Risk Management and Insurance	Portfolio Holder Finance and Corporate Resources	(70,440)	(143,746)	(73,306)	Y
Savings of (£0.073m) are currently forecast within the Insurance team, largely as a result of a claims handler vacancy. This post has previously been advertised and not filled. The post is currently out for recruitment and may be filled later in the year.					
Scrutiny	Portfolio Holder Finance and Corporate Resources	54,120	54,120	-	G
No variance from budget as at Quarter 3.					
Commissioning Development and Procurement	Portfolio Holder Finance and Corporate Resources	359,820	311,593	(48,227)	Y
Minor variance from budget as at Quarter 3.					
Legal Services	Portfolio Holder Finance and Corporate Resources	2,497,610	2,577,574	79,964	A
There is a forecast pressure against external legal costs of £0.192m (predominantly Counsel) relating to children's social care (legal child care). This position needs to be monitored until year-end, as, due to a number of complex cases, the costs could potentially increase. Difficulties in being able to recruit to vacant posts are leading to a forecast underspend of (£0.112m) in the remaining areas of Legal Services. The underspend on staffing is part-funding the budget pressure in Legal Child Care.					
Democratic Services	Portfolio Holder Finance and Corporate Resources	1,581,750	1,513,794	(67,956)	Y
There is a forecast underspend of (£0.025m) in Democratic Services, as a result of savings on mileage and subsistence budgets. Committee Services has a forecast underspend of (£0.022m), largely due to a vacant post within the team that were not filled until the end of August. Members' Services has a forecast underspend of (£0.021m) due to in year savings on IT budgets.					

Elections	Portfolio Holder Finance and Corporate Resources	434,850	426,709	(8,141)	Y
Minor variance from budget as at Quarter 3.					
Audit and Information Governance	Portfolio Holder Finance and Corporate Resources	762,690	604,906	(157,784)	Y
Due to staff turnover within the Audit team, there are currently underspends forecast due to vacancies of (£0.216m). This is partly offset by additional expenditure of £0.086m on agency staff to support the team. The current level of vacancies is not sustainable and recruitment activity is in progress.					
Treasury and Pensions	Portfolio Holder Finance and Corporate Resources	(81,260)	(87,551)	(6,291)	Y
Minor variance from budget as at Quarter 3.					
Communications & Engagement	Leader and Portfolio Holder Policy and Strategy, Improvement and Communications	3,426,140	3,146,150	(279,990)	Y
There are expected net savings of (£0.280m) across Customer Services and Communications. These are as a result of a number of posts held vacant. A proportion of the staff budget savings are being reallocated to support the creation of a 24/7 out of hours support service within the Safer Communities Coordination Team.					

STRATEGIC MANAGEMENT BOARD	Full Year			RAGY
	Budget £	Forecast £	Variance £	
Total	730,710	698,743	(31,967)	Y

Chief Executive & PAs	Leader and Portfolio Holder Policy and Strategy, Improvement and Communications	729,330	695,283	(34,047)	Y
Minor variance from budget as at Quarter 3.					
Programme Management	Leader and Portfolio Holder Policy and Strategy, Improvement and Communications	1,380	3,460	2,080	G
Minor variance from budget as at Quarter 3.					

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

Portfolio Holder	Revised Budget* £'000	Forecast Outturn £'000	Variance £'000
Portfolio Holder Children and Education	62,960	70,726	7,766
Portfolio Holder Adult Social Care and Public Health	119,603	124,747	5,144
Portfolio Holder Growth and Regeneration	1,981	6,601	4,620
Portfolio Holder for Health (Integrated Care System) and Communities	5,906	7,009	1,103
Deputy Leader and Portfolio Holder Climate Change, Environment and Transport	41,414	41,736	322
Portfolio Holder Culture and Digital	7,889	7,608	(281)
Leader and Portfolio Holder Policy and Strategy, Improvement and Communications	4,157	3,845	(312)
Portfolio Holder Highways and Regulatory Services	15,962	14,748	(1,214)
Portfolio Holder Finance and Corporate Resources	(35,256)	(42,454)	(7,198)
Total	224,616	234,566	9,950

*Budgets exclude non-controllable costs, internal market and corporate landlord recharges

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)	(320)	(104)
	Total Health and Wellbeing Grants	(12,642)	(13,095)	(453)
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**	(3,996)	(4,157)	(161)
	Total People Grants	(116,698)	(116,859)	(161)
Place				
	Waste - PFI	(3,186)	(3,186)	0
	Other Grants	(1,841)	(2,428)	(587)
	Total Place Grants	(5,027)	(5,614)	(587)
Resources				
	Mandatory Rent Allowances: Subsidy	(49,000)	(49,000)	0
	Rent Rebates: Subsidy	(8,047)	(8,047)	0
	Other Grants	(1,087)	(5,541)	(4,454)
	Total Resources Grants	(58,134)	(62,588)	(4,454)
	Strategic Management Board	0	0	0
	TOTAL	(251,605)	(257,260)	(5,655)

**The additional grants forecast to be received and applied in 2022/23 include an additional £5.0m for Homes for Ukraine (People directorate), and £4.2m 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)	(3,212)	(1,911)
Health and Wellbeing			
Directorate Management	0	0	0
Public Health - Non Ringfenced	(221)	(186)	35
Public Health - Ringfenced	(5)	(4)	1
Health and Wellbeing Total	(226)	(190)	36
People			
Directorate Management	0	0	0
Adult Social Care Management	0	0	0
Adult Social Care Business Support & Development	(3,739)	(3,708)	31
Adult Social Care Provider Services	(1,116)	(1,086)	30
Adult Social Care Operations	(21,889)	(19,921)	1,968
Housing Services	(378)	(306)	73
Children's Social Care and Safeguarding	0	0	0
Children's Early Help, Partnerships and Commissioning	0	(3)	(3)
Learning and Skills	(1,821)	(1,746)	75
People Total	(28,944)	(26,770)	2,174
Place			
Directorate Management	0	0	0
Commercial Services	(17,142)	(13,655)	3,487
Economy and Place	(8,104)	(7,941)	163
Homes and Communities	(10,216)	(10,000)	216
Infrastructure	(10,334)	(10,824)	(490)
Place Total	(45,795)	(42,419)	3,376
Resources			
Directorate Management	0	0	0
Workforce and Improvement	(682)	(593)	89
Finance and Technology	(4,426)	(3,553)	873
Legal and Governance	(127)	(128)	(1)
Communications and Engagement	(55)	(75)	(20)
Treasury and Pensions	(26)	(22)	4
Resources Total	(5,316)	(4,371)	945
Strategic Management Board	0	0	0
TOTAL	(81,582)	(76,962)	4,620

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 December 2022.

Directorate	Green (£'000)	Amber (£'000)	Red (£'000)	Total (£'000)
Tactical Budget Savings	7,712	0	768	8,480
Place	3,441	0	5,272	8,713
People	2,530	0	501	3,030
Resources	634	0	50	684
Health and Wellbeing	209	0	0	209
Corporate Budgets	50	0	0	50
Strategic Management Board	9	0	0	9
Total Savings	14,585	0	6,591	21,175

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 is 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)
AS6	People	Adult Social Care Operations	Adult Social Care - Review of double handed care	2022/23	210	192
CW2	People	Adult Social Care Provider Services	Adult Social Care - Increase to fees and charges income	2022/23	6	6

AS12	People	Adult Social Care Operations	Adult Social Care - Review care provider contract arrangements	2022/23	119	119
AS15c	People	Adult Social Care Operations	Adult Social Care - Review pre-placement framework	2022/23	70	70
2A37R	People	Housing Services	Increased Housing income	2020/21	132	114
PS4	Place	Economic Growth	Building Control – Use of Reserve	2022/23	100	55
PS5	Place	Economic Growth	Enhanced income through commercial activity in Natural & Historic Environment teams	2022/23	40	40
P11	Place	Homes and Communities	Review of library provision	2022/23	192	104
CW2	Place	Homes & Communities	Leisure - Increase to fees and charges income	2022/23	22	22
CW2	Place	Homes & Communities	Theatre Services - Increase to fees and charges income	2022/23	197	170
PS12	Place	Infrastructure	Review of parking charges	2022/23	350	350
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	1,205
P39	Place	Corporate Landlord, Property and Development	Raise income from investment in assets	2021/22	1,672	1,259
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
RS9	Resources	Human Resources and Organisational Development	Increase Human Resources and Development income generated from commercial activities	2022/23	50	50
Tactical Budget Savings				2022/23	8,480	768
				TOTAL	15,706	6,591

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

Directorate / Service	Q3 Forecast	Savings Pressure in 2022/23	Ongoing Pressures Identified	Additional Ongoing Savings Identified	One Off Pressures Identified	One off Savings Identified
	£'000	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Corporate Budgets	(6,013)	0	0	0	192	(6,205)
Health and Wellbeing						
Public Health	(77)	0	0	0	5,575	(5,652)
Regulatory Services	(188)	0	0	0	50	(238)
Health and Wellbeing Total	(265)	0	0	0	5,625	(5,890)
People						
Directorate Management	73	0	0	0	96	(23)
Adult Social Care	5,149	386	10,784	0	10,678	(16,701)
Housing Services	0	114	0	0	1,173	(1,287)
Children's Social Care and Safeguarding	8,028	0	6,330	0	7,283	(5,586)
Children's Early Help, Partnerships and Commissioning	(251)	0	0	0	34	(285)
Learning and Skills	(10)	0	0	0	336	(346)
People Total	12,988	501	17,114	0	19,600	(24,229)
Place						
Directorate Management	76	0	0	0	76	0
Commercial Services	5,004	4,491	1,907	0	557	(1,951)
Economy and Place	224	95	0	0	130	0
Homes and Communities	455	336	544	0	1,103	(1,530)
Infrastructure	(740)	350	450	0	12	(1,552)
Place Total	5,018	5,272	2,901	0	1,878	(5,033)

Resources						
Directorate Management	5	0	0	0	5	0
Workforce and Improvement	(518)	50	0	0	29	(598)
Finance and Technology	(743)	0	0	0	299	(1,041)
Legal and Governance	(202)	0	0	0	198	(400)
Treasury and Pensions	(6)	0	0	0	0	(6)
Communications and Engagement	(280)	0	0	0	33	(313)
Resources Total	(1,744)	50	0	0	564	(2,358)
Strategic Management Board						
Chief Executive and PAs	(34)	0	0	0	0	(34)
Programme Management	2	0	0	0	2	0
Strategic Management Board Total	(32)	0	0	0	2	(34)
TOTAL	9,950	5,823	20,015	0	27,861	(43,479)

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
Quarter 1 Structure Changes	0	0	(1,266)	1	1,292	(28)	0
Quarter 1 Virements	0	521	276	99	(797)	(99)	0
Quarter 2 Virements	0	(284)	(1)	32	217	36	0
Virements:							
Quarter 3							
Distribution of additional salary, employer's NI and pension budgets following the 2022/23 NJC pay award	0	(3,185)	49	1,505	885	730	16
Quarter 3 Revised Budget	224,616	(57,867)	2,508	200,446	72,531	6,967	31

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 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 £5.600m. 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.

Independent advice is that reserves should be 5%-10% of net spending, possibly more if local conditions warrant, therefore the £5.600m remaining is unsustainable.

General Fund	£'000
Balance as at 1 st April	11,522
Budgeted Contribution	4,028
Sub-total – Balance before impact of in-year monitoring position	15,550
2022/23 Projected Outturn	(9,950)
Projected General Fund Balance as at 31st March	5,600

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	(11,764)	13,667
Insurance reserves	3,754	0	3,754
Reserves of trading and business units	0	0	0
Reserves retained for service departmental use	50,001	(29,714)	20,287
Reserves held for schools	2,261	0	2,261
Total	81,447	(41,478)	39,969

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 2 the capital budget for 2022/23 was subjected to a detailed review of the position of all projects and reprofiling where required into future years and this has continued during Quarter 3. In Quarter 3 there has been a net budget decrease of £5.906m for 2022/23, compared to the position reported at Quarter 2 2022/23. This net budget decrease is as a result of new and additional scheme approvals totalling £9.994m and reprofiling of scheme delivery and expenditure totalling £15.900m. The tables below summarise the overall movement, between that already approved and changes for Quarter 3.

Shropshire Council - Capital Programme 2022/23 - 2024/25; Capital Programme Summary - Quarter 3 2022/23

Directorate	Budget history		Current results						Future Programme		
	Revised Budget Q2 2022/23 £	Budget Virements Q3 £	Revised Budget Q3 2022/23 £	Actual Spend £	Spend to Budget Variance £	% Budget Spend	Outturn Projection £	Outturn Projection Variance £	2023/24 Revised Budget £	2024/25 Revised Budget £	2025/26 Revised Budget £
General Fund											
Health & Wellbeing	0	0	0	0	0	0.00%	0	0	0	0	0
People	29,212,722	(3,987,179)	25,225,543	8,394,451	16,831,092	33.28%	25,225,543	0	15,689,011	12,427,384	2,549,000
Place	73,380,751	(1,918,578)	71,462,173	48,452,990	23,009,183	67.80%	71,462,173	0	72,604,801	78,714,876	27,470,041
Resources	485,549	0	485,549	72,384	413,165	14.91%	485,549	0	1,000,000	0	0
Total General Fund	103,079,022	(5,905,757)	97,173,265	56,919,825	40,253,440	58.58%	97,173,265	0	89,293,812	91,142,260	30,019,041
Housing Revenue Account	17,945,870	0	17,945,870	6,609,403	11,336,467	36.83%	17,945,870	0	20,475,256	15,121,612	8,312,819
Total Approved Budget	121,024,892	(5,905,757)	115,119,135	63,529,228	51,589,907	55.19%	115,119,135	0	109,769,068	106,263,872	38,331,860

The actual capital expenditure at Quarter 3 is £63.529m, which represents 55.19% of the revised capital budget at Quarter 3, 75% of the year. This is slightly low in comparison to the total budget, but in line with the average expenditure percentage at this period in previous years. All budgets are fully allocated to projects and will be monitored for levels of spend throughout the remainder of the year. Based on recent years, the capital programme has 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 33.28% (budget £25.226m), Place 67.80% (budget £71.462m), Resources 14.91% (budget £0.485m), HRA Major Repairs & New Build Programme 36.83% (budget £17.946m).

Shropshire Council - Capital Budget Monitoring Report Quarter 3 2022/23

Directorate Service Area	Revised Budget Q2 2022/23 £	Budget Virements Q3 £	Revised Budget Q3 2022/23 £	Actual Spend £	Spend to Budget Variance £	% Budget Spend	Outturn Projection £	Outturn Projection Variance £	2023/24 Revised Budget £	2024/25 Revised Budget £	2025/26 Revised Budget £
General Fund	-	-	-	-	-	-	-	-	-	-	-
Health & Wellbeing	0	0	0	0	0	0.00%	0	0	0	0	0
Public Health Capital	0	0	0	0	0	0.00%	0	0	0	0	0
Regulatory Services Capital	0	0	0	0	0	0.00%	0	0	0	0	0
People	29,212,722	(3,987,179)	25,225,543	8,394,451	16,831,092	33.28%	25,225,543	0	15,689,011	12,427,384	2,549,000
Adult Social Care Contracts & Provider Capital	0	0	0	0	0	0.00%	0	0	0	0	0
Adult Social Care Operations Capital	1,770,411	(200,000)	1,570,411	1,125,392	445,019	71.66%	1,570,411	0	2,405,000	1,200,000	0

Children's Residential Care Capital	1,080,041	0	1,080,041	544,932	535,109	50.45%	1,080,041	0	0	0	0
Housing Services Capital	14,081,848	(300,000)	13,781,848	2,869,614	10,912,234	20.82%	13,781,848	0	849,000	549,000	549,000
Non Maintained Schools Capital	3,725,805	(665,871)	3,059,934	1,058,466	2,001,468	34.59%	3,059,934	0	2,500,000	3,000,000	0
Primary School Capital	7,302,020	(1,559,974)	5,742,046	2,686,367	3,055,679	46.78%	5,742,046	0	1,536,104	1,000,000	0
Secondary School Capital	520,504	(3,055)	517,449	67,594	449,855	13.06%	517,449	0	21,800	0	0
Special Schools Capital	77,800	0	77,800	42,086	35,714	54.10%	77,800	0	13,080	0	0
Unallocated School Capital	654,293	(1,258,279)	-603,986	0	-603,986	0.00%	-603,986	0	8,364,027	6,678,384	2,000,000
Place Capital - Commercial Services	18,798,348	(4,558,346)	14,240,002	10,022,590	4,217,412	70.38%	14,240,002	0	12,703,304	12,783,119	1,701,000
Corporate Landlord Capital	18,798,348	(4,558,346)	14,240,002	10,022,590	4,217,412	70.38%	14,240,002	0	12,703,304	12,783,119	1,701,000
Place Capital - Economic Growth	8,152,471	(1,110,840)	7,041,631	5,360,502	1,681,129	76.13%	7,041,631	0	11,081,047	8,817,520	5,371,738
Broadband Capital	2,275,081	(1,279,945)	995,136	737,538	257,598	74.11%	995,136	0	3,000,000	2,200,000	1,079,945
Development Management Capital	977,324	(392,090)	585,234	180,584	404,650	30.86%	585,234	0	236,069	121,500	40,500
Economic Growth Capital	4,041,066	269,543	4,310,609	3,781,728	528,881	87.73%	4,310,609	0	7,296,019	6,496,020	4,251,293
Planning Policy Capital	859,000	291,652	1,150,652	660,652	490,000	57.42%	1,150,652	0	548,959	0	0
Place Capital - Homes & Communities	66,838	731,691	798,529	207,579	590,950	26.00%	798,529	0	4,654,657	5,557,237	2,067,303
Leisure Capital	56,127	667,586	723,713	190,976	532,737	26.39%	723,713	0	4,454,657	5,357,237	2,067,303
Outdoor Partnerships Capital	10,711	64,105	74,816	16,043	58,773	21.44%	74,816	0	200,000	200,000	0
Visitor Economy Capital	0	0	0	560	-560	0.00%	0	0	0	0	0

Place Capital - Infrastructure	46,363,094	3,018,917	49,382,011	32,862,319	16,519,692	66.55%	49,382,011	0	44,165,793	51,557,000	18,330,000
Environment & Transport Capital	0	0	0	0	0	0.00%	0	0	0	0	0
Highways Capital	43,435,018	3,018,917	46,453,935	30,855,024	15,598,911	66.42%	46,453,935	0	44,165,793	51,232,000	18,330,000
Waste Capital	2,928,076	0	2,928,076	2,007,295	920,781	68.55%	2,928,076	0	0	325,000	0
Resources	485,549	0	485,549	72,384	413,165	14.91%	485,549	0	1,000,000	0	0
ICT Digital Transformation - CRM Capital	25,463	0	25,463	-6,626	32,089	-26.02%	25,463	0	0	0	0
ICT Digital Transformation - ERP Capital	0	0	0	0	0	0.00%	0	0	0	0	0
ICT Digital Transformation - Infrastructure & Architecture Capital	0	0	0	0	0	0.00%	0	0	0	0	0
ICT Digital Transformation - Social Care Capital	60,688	0	60,688	79,010	-18,322	130.19%	60,688	0	0	0	0
ICT Digital Transformation - Unallocated Capital	399,398	0	399,398	0	399,398	0.00%	399,398	0	1,000,000	0	0
Total General Fund	103,079,022	(5,905,757)	97,173,265	56,919,825	40,253,440	58.58%	97,173,265	0	89,293,812	91,142,260	30,019,041
<u>Housing Revenue Account</u>	17,945,870	0	17,945,870	6,609,403	11,336,467	36.83%	17,945,870	0	20,475,256	15,121,612	8,312,819
HRA Dwellings Capital	17,945,870	0	17,945,870	6,609,403	11,336,467	36.83%	17,945,870	0	20,475,256	15,121,612	8,312,819
Total Approved Budget	121,024,892	(5,905,757)	115,119,135	63,529,228	51,589,907	55.19%	115,119,135	0	109,769,068	106,263,872	38,331,860

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	7,820,881	12,079,762	10,988,707	6,952,293
Capital Receipts used to finance redundancy costs	1,000,000	987,873	-	-
To be allocated from Ring Fenced Receipts	4,881,185	6,721,370	4,000,000	21,170,916
Total Commitments	13,702,066	19,789,005	14,988,707	28,123,209
Capital Receipts in hand/projected:				
Brought Forward in hand	18,273,484	10,412,146	(8,960,858)	(23,949,565)
Generated 2022/23YTD	4,572,461	-	-	-
Projected - 'Green'	1,268,267	416,001	-	495,000
Total in hand/projected	24,114,212	10,828,147	(8,960,858)	(23,454,565)
Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward	(10,412,146)	8,960,858	23,949,565	51,577,774
Further Assets Being Considered for Disposal	10,087,408	19,530,044	14,847,453	2,000,000

Capital receipts of £18.273m were brought forward from 2021/22 and £4.572m has been generated to date in 2022/23. A further £1.268m is currently projected as ‘Green’ for 2022/23, of which £0.700m relates to the sale of a former school and £0.481m 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, the programme is affordable; there being a projected surplus of £10.087m to be carried forward.

In 2023/24, 2024/25 and 2025/26 there are currently projected cumulative shortfalls of capital receipts of £8.961m, £23.950m and £51.578m respectively, 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 £46.465m which even if realised would not fully resolve the currently projected shortfall in capital receipts peaking at £51.578m in 2025/26, there being an outstanding shortfall of 5.113m. Additionally, a significant proportion (£26.580m) 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

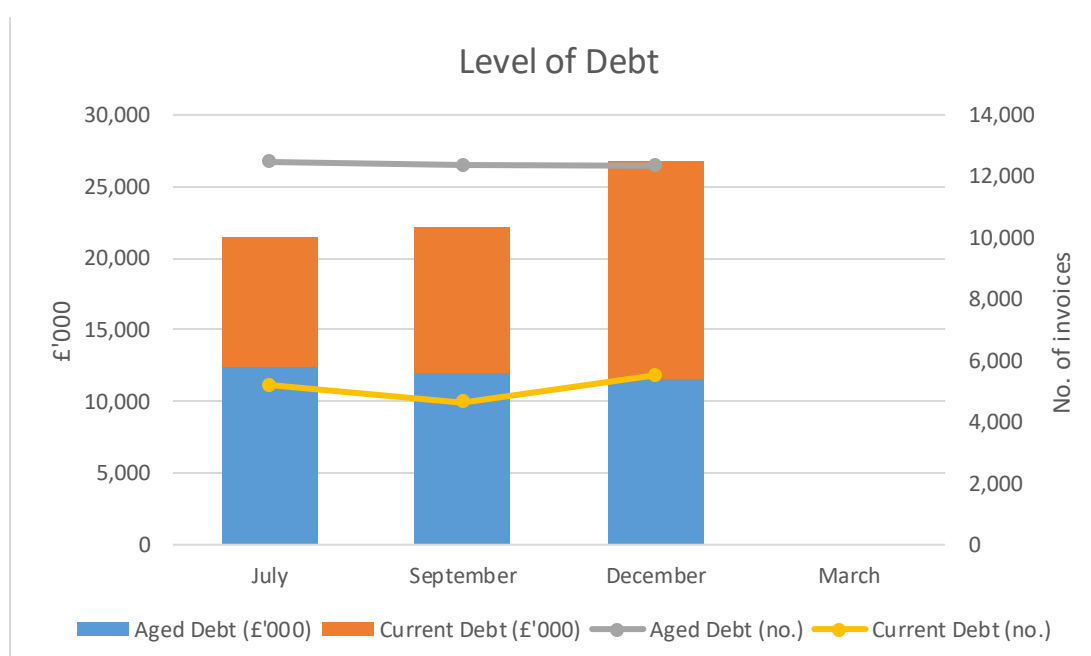
The two financial indicators detailed below will be tracked during the course of the financial year to provide assurance on the Council's financial management processes.

Payment of Invoices

April – Dec 2022	% of Invoices	No. of invoices
Paid within 30 days	88.19%	212,875
Invoices not paid within 30 days	11.81%	28,497
Total	100%	241,372

Aged debt

As at 31 st Dec 2022	Value (£'000)	No. of invoices
Aged Debt	11,616	12,343
Current Debt	15,192	5,521
Total	26,808	17,864



The payment of invoices indicator demonstrates that the Council is promptly paying invoices to suppliers with almost 90% of invoices being paid within 30 days. It should be noted that this indicator has decreased during the course of the year from 93% being processed promptly at Quarter 1. This appears to be as a result of departments not passing invoices straight through for payment, potentially because they have not produced a purchase order at time of requesting the goods. Statistics on late submission of invoices and production of retrospective orders are produced for each Directorate and distributed so that senior managers can raise any issues with relevant departments.

The level of aged debt has reduced marginally but does remain significantly high and the effects of the COVID pandemic and the cost of living are 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.