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<u>Item</u>
10
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## REVENUE MONITORING REPORT – QUARTER 1 2014/15

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### 1. Summary

The report sets out the Revenue forecast for 2014/15 as at Quarter One and identifies the current projections on delivery of savings included within the forecast.

2014/15 represents the first year of the Council's latest three year Medium Term Financial Plan running from 2014/15 to 2016/17. Over this period the Council has identified a funding gap of £80m, with £41.5m of this falling in the 2014/15 Financial Year. A total of £39.9m of proposals have been identified within the Council's budget for this year. Cabinet will receive an update on a quarterly basis to monitor the Council's overall finances reviewing delivery against the proposals put forward, but also monitoring of the whole Council budget to identify any other pressures or concerns not contained within savings proposals.

This monitoring report is the first produced for this Financial Year and is based on financial information held for the first three months of the year extrapolated to year end to produce an estimated outturn position. As the year progresses and further financial information becomes available, the quality of the estimates used within this report is expected to increase. Variances in the overall projected position for the Council are reported using a RAGY (Red, Amber, Green, Yellow) rating as explained in the background to the report.

To aid reporting of savings delivery the Council uses a RAG (Red, Amber, Green) rating to identify a rating for the delivery of savings proposals (more details provided in the report below). As at Quarter 1, evidence currently suggests that of the £39.9m of proposals to be delivered in 2014/15, £35.1m are rated as Green – with a high degree of certainty of being delivered.

The Quarter One position indicates that £3.9m of the £39.9m savings planned are categorised as red, and further work is required within service areas to ensure that the total value of savings proposals are fully deliverable within the financial year. Furthermore a number of additional service pressures of £4.7m are already being highlighted, which services will need to address alongside delivering their savings targets. These pressures have been offset by the identification of a number of one off sources of funding that have not been committed and will instead be held to partially address the service pressures identified in year.

The key issues highlighted by this report are that:

- The projected outturn is an overspend of £3.225m (a combination of Red and Amber rated savings proposals and other pressures within services).
- The projected General Fund Balance as at 31 March 2015 is £11.681m.

## **2. Recommendations**

It is recommended that Members:

- A. Note that at the end of Quarter One (27 June 2014), the full year forecast is a potential overspend of £3.225m;
- B. Consider the impact of this on the Council's General Fund Balance.

## **REPORT**

### **3. Risk Assessment and Opportunities Appraisal**

- 3.1. Details of the potential risks affecting the balances and financial health of the Council are detailed within the report. Each projection is also RAG rated to confirm the level of risk to the Council's balances.

### **4. Financial Implications**

- 4.1. This report considers the projected outturn position for the 2014/15 revenue budget and the implications on the level of general fund balances of any overspends or spending pressures.

### **5. Background**

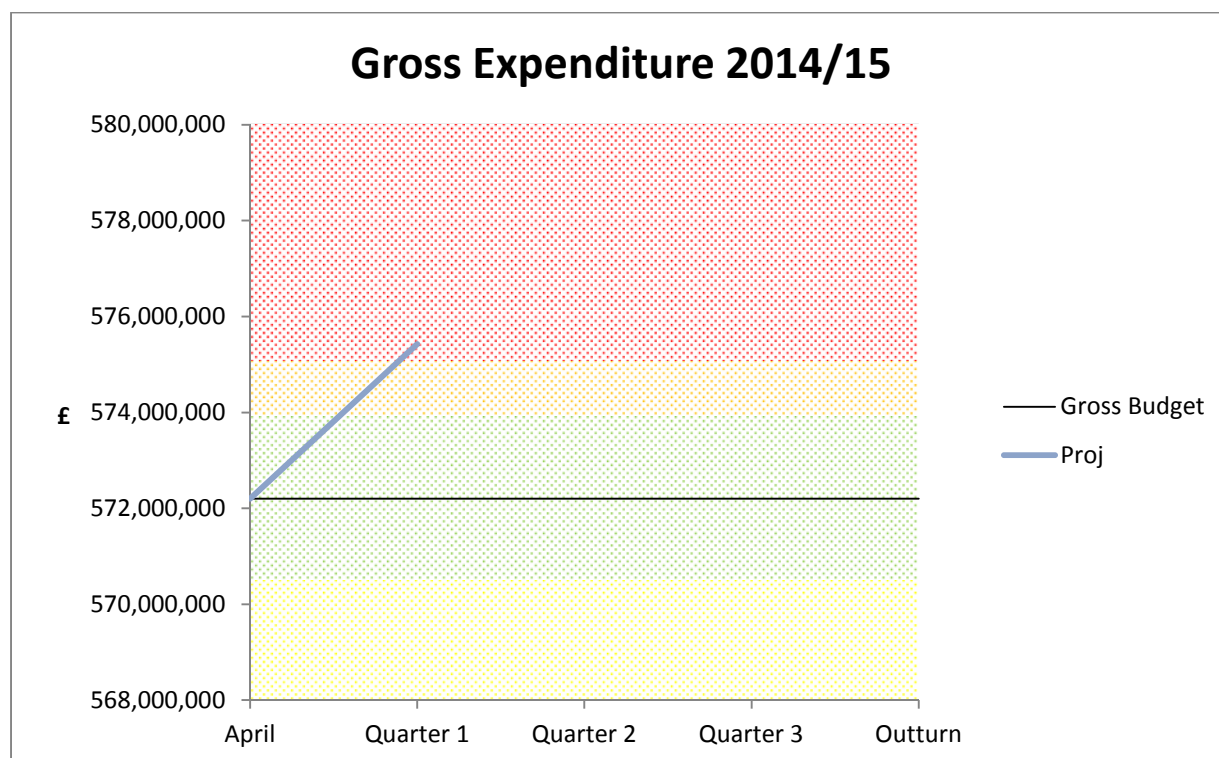
- 5.1 Revenue budget monitors are produced to report on the period from June (Period 2) to February (Period 11) of each financial year and show the anticipated year end projection. Reports are presented quarterly to Cabinet and monthly to Directors.
- 5.2 The reports track progress against the agreed budget decisions, forecast any significant variances to the budget, and enables corrective action to be taken to ensure a balanced budget at year end.
- 5.3 Variances within the monitoring report are routinely reported on an exceptions basis depending on the total variance from budget, and the percentage change in projection in any one period using a RAGY rating as follows:

Green	Variance +/- 1% (or £0.05m if budget less than £5m)
Amber	Overspend between 1%-2% (or £0.05m-£0.1m if budget less than £5m)
Red	Variance over 2% (or £0.1m if budget less than £5m)
Yellow	Underspend more than 1% (or £0.05m if budget less than £5m)

- 5.4 In addition, given the level of savings proposals identified for delivery in 2014/15, this report also includes a second RAG rating, specifically relating to the delivery of savings. The ratings are as follows:  
 Green – Saving identified, quantified and confirmed and achieved  
 Amber – Saving identified, quantified and confirmed but not yet achieved  
 Red, either – Saving identified but not quantified and confirmed or achieved, or  
 – Saving unachievable

**6. Monitoring 2014/15 Budget - Overall Position**

6.1 The projected revenue forecast for the year, at Quarter 1, shows a potential overspend of £3.225m (0.56%) on a gross budget of £572.2m (net £223.4m) for the full year. The forecast year end position for the whole council will be revised each month and reported using the graph below. The area of the graph banded green shows the extent of variance from the budget that would be seen as reasonable given the size and complexity of the Council's budget. At Quarter 1 the projected year end overspend of £3.225m is falling within the red banding.



6.2 The projected overspend of £3.225m for 2014/15 is presented below and analysed in more detail at Appendix 1. Details of approved virements processed between services during Quarter One are reported in Appendix 2.

**Table 1: 2014/15 Projected Budget Variations Analysed by Service Area**

Service Area	Revised Budget £'000	Forecast Outturn £'000	(Under) / Overspend £'000	RAGY Classification
Adult Services	64,685	66,521	1,836	R
Children's Services	56,187	57,193	1,006	A
Commissioning	90,356	92,375	2,019	R
Public Health	1,470	1,488	17	G
Resources & Support	7,045	7,893	848	R
Corporate	3,702	1,200	(2,501)	Y
<b>TOTAL</b>	<b>223,445</b>	<b>226,670</b>	<b>3,225</b>	<b>R</b>

## 7. Update on Savings Delivery

- 7.1 The savings projections for 2014/15 have been RAG rated in order to establish the deliverability of the savings and any potential impact on the outturn projection for the 2014/15 financial year. The RAG ratings are updated monthly to determine progress on delivery. An initial assessment was undertaken on 11 June 2014 and this was shared with Portfolio Holders for review and action. A further assessment has been undertaken by the Finance Team and these projections considered against delivery milestones by Directors and Portfolio Holders allowing a revised assessment to be built into the Period 3 projections. For transparency, each of these assessments are detailed for each service area in Table 2.

**Table 2: Update on Delivery of 2014/15 Savings Proposals**

Service Area	Position as at 11 <sup>th</sup> June 2014 £'000	Finance Team Initial Assessment as at Period 3 £'000	Reviewed and Agreed Projection for Period 3 £'000
<b>Red Savings</b>			
Adult Services	1,304	2,511	0
Children's Services	2,922	1,908	1,908
Commissioning	1,287	1,287	1,287
Public Health	0	0	0
Resources & Support	684	684	684
Corporate	0	0	0
	6,197	6,390	3,879
<b>Amber Savings</b>			
Adult Services	5,781	4,812	0
Children's Services	999	569	0
Commissioning	774	774	774
Public Health	0	0	0
Resources & Support	352	352	123
Corporate	0	0	0
	7,906	6,507	897
<b>Green Savings</b>			

Service Area	Position as at 11 <sup>th</sup> June 2014 £'000	Finance Team Initial Assessment as at Period 3 £'000	Reviewed and Agreed Projection for Period 3 £'000
Adult Services	3,148	2,910	10,233
Children's Services	3,291	4,735	5,304
Commissioning	6,144	6,144	6,144
Public Health	55	55	55
Resources & Support	6,351	6,351	6,580
Corporate	6,800	6,800	6,800
	25,789	26,995	35,116
<b>TOTAL SAVINGS</b>	<b>39,892</b>	<b>39,892</b>	<b>39,892</b>

- 7.2 The figures presented above demonstrate a healthy analysis of the Council's current financial position, with almost 90% of the 2014/15 savings target flagged as green. Even taking a more prudent (and potentially over-prudent) analysis as shown in the middle column, over two thirds of the Council's £39.9m savings target can be demonstrated as green rated, only three months into the financial year.
- 7.3 As shown in Table 2, there was an initial increase in the red rated savings from the original assessment. However, there is evidence that service redesign work is impacting on spending profiles and although early in the year, is expected to reduce any non-delivery of red-rated savings in Adult Services. Therefore the Period 3 outturn projection has been amended in line with management assurances provided. This will continue to be monitored closely during the course of the year.
- 7.4 The level of amber rated savings has reduced by £1.4m from initial assessments in June, which reflects the confirmation of plans for delivery of savings. However there still remains risk around the delivery of the remaining £6.5m as demonstrated in Table 2. Following discussions between the Finance Team, Directors and Portfolio Holders, a revised figure of £0.897m has been built into the Period 3 outturn projection, reflecting an assessment of expected delivery of amber rated savings by year end, based on action undertaken to date and an assessment of anticipated further action.

## 8. Analysis of Outturn Projections including Delivery of Savings

- 8.1 The monitoring position detailed in Table 1 includes the current position on delivery of savings proposals for 2014/15 as shown above in Table 2, in addition to new monitoring pressures identified and one off solutions to reduce the projected overspend. Table 3 provides further analysis of the projected overspends for each service area.

**Table 3: Reconciliation of Monitoring Projections to Savings Delivery**

	Quarter 1 Projection	Red Savings detailed in Projection	Amber Savings detailed in Projection	One Off Savings Delivered to offset Reds and Ambers	Ongoing Savings Delivered to offset Reds and Ambers	One Off Monitoring Pressures Identified	Ongoing Monitoring Pressures Identified	One Off Monitoring Savings Identified	Ongoing Monitoring Savings Identified
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social Care Operations	2,142	0	0	0	0	0	2,704	(541)	(21)
Social Care Efficiency & Approval	(131)	0	0	0	0	30	142	(291)	(13)
Adult Services Management	(175)	0	0	0	0	238	0	(413)	0
<b>Adult Services</b>	<b>1,836</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>268</b>	<b>2,846</b>	<b>(1,245)</b>	<b>(34)</b>
Learning & Skills	509	926	0	(414)	(3)	0	416	0	(416)
Children's Safeguarding	497	982	0	(485)	0	0	0	0	0
<b>Children's Services</b>	<b>1,006</b>	<b>1,908</b>	<b>0</b>	<b>(899)</b>	<b>(3)</b>	<b>0</b>	<b>416</b>	<b>0</b>	<b>(416)</b>
Director of Commissioning	0	0	0	0	0	0	0	0	0
Local Commissioning	0	0	0	0	0	0	0	0	0
Area Commissioning North	544	622	86	(152)	(29)	4	14	0	0
Area Commissioning South	1,502	448	150	(68)	0	0	973	0	0
Public Protection & Enforcement	0	0	483	(100)	(383)	0	0	0	0
Business Growth & Prosperity	(27)	217	55	(284)	(71)	6	50	0	0
<b>Commissioning</b>	<b>2,019</b>	<b>1,287</b>	<b>774</b>	<b>(606)</b>	<b>(482)</b>	<b>10</b>	<b>1,036</b>	<b>0</b>	<b>0</b>
Public Health	17	0	0	0	0	17	0	0	0
<b>Public Health</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>0</b>
Commercial Services	614	491	123	0	0	200	428	(628)	0
Customer Involvement	473	192	0	0	0	771	0	(490)	0
Finance, Governance & Assurance	52	0	0	0	0	52	0	0	0
Human Resources	(26)	0	0	0	0	0	0	(26)	0
Legal, Democratic & Strategy	(213)	0	0	0	0	0	0	(213)	0
SMB	(54)	0	0	0	0	0	0	(54)	0
<b>Resources &amp; Support</b>	<b>848</b>	<b>683</b>	<b>123</b>	<b>0</b>	<b>0</b>	<b>1,023</b>	<b>428</b>	<b>(1,411)</b>	<b>0</b>
Corporate	(2,501)	0	0	0	0	0	0	(2,501)	0
<b>Corporate</b>	<b>(2,501)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,501)</b>	<b>0</b>
<b>TOTAL</b>	<b>3,225</b>	<b>3,879</b>	<b>897</b>	<b>(1,505)</b>	<b>(485)</b>	<b>1,318</b>	<b>4,727</b>	<b>(5,156)</b>	<b>(450)</b>

8.2 **Adult Services** – The service had originally categorised £2.51m of savings as red, however Adult Services has recently embarked on a major redesign piece and despite being early in the financial year, evidence is increasingly demonstrating that savings proposals can be delivered by year end. Therefore the outturn projection has been estimated as a £1.8m overspend. We will continue to monitor the position closely, and it may be that as further information flows through the projected overspend will increase or reduce, but we are seeing action on the ground and have received management assurances that everything is being done to deliver all proposed savings and manage any other pressures in-year. Ongoing budget pressures have been identified within the purchasing budget, and these will be monitored closely during the course of the year to ensure prompt management action can be taken to contain these where possible.

**Children’s Services** – The savings proposals rated red include transport savings (£0.995m), Reduction of numbers entering the care system (£0.497m) and the closure of children’s homes (£0.485m). In addition, there is a one off budget pressure relating to the estimated reduction in Education Support Grant due to schools transferring to academies after the initial budget was set. This has been offset by a virement of uncommitted grant income for 2014/15, but this is a pressure expected to grow in future years. One off grant monies and earmarked reserves have been released to partially offset the red and amber savings, and further work will be undertaken within Children’s Services to find additional compensatory one-off and ongoing savings to reduce the projected overspend.

**Commissioning** – Red rated savings proposals include contract savings to be delivered against the Veolia, Ringway and Shropshire Community Leisure Trust contracts of £1.038m, service redesign savings of £0.217m for Visitor Economy, and £0.032m for Libraries. A proportion of amber rated savings of £0.774m have been included to reflect that plans for delivery have been formulated within service areas but these have either not yet been formally agreed, or the level of saving that can be delivered in year is not yet confirmed and agreed. Commissioning have identified a number of alternative ongoing savings proposals which will help to mitigate the delivery of red rated savings in 2014/15 and future years. However, these ongoing savings have been more than offset by the ongoing pressures identified within the Environmental Maintenance budget. This relates to the continuation of the work carried out at the end of 2013/14 to determine the correct budgets to be held within Revenue and Capital for highways improvements and street scene works.

**Resources & Support** – The savings proposals rated red include £0.192m for the Customer Service Centre and £0.491m relating to Property Savings linked to the asset management strategy implementation. This saving will be difficult to deliver in 2014/15 and hence will continue to cause a budgetary pressure until final decisions are made on which corporate accommodation and assets will be in use in the future.

**Corporate** – A number of corporate budgets are held by the Council relating to non-apportionable costs and income such as council-wide grants, debt charges and treasury management costs and income. Assumptions are made and

revised each year within the Financial Strategy to ensure that these budgets are adequate and do not impact negatively on services due to, for example, potential volatility in unconfirmed grant income or interest rates. The Council's Medium Term Financial Plan took account of a number of assumptions in Council Tax Freeze Grant, Section 31 grants (relating to, for example, compensation for small business relief) and Business Rate appeals provision. While the longer term implications of these elements remain uncertain (for example whether they will be rolled transparently into future RSG allocations) an assessment over the first 3 months of the year has identified that £2.471m has been budgeted for, but can be assumed to be uncommitted in 2014/15 with a reasonable degree of certainty. It is too early to assess the implications of these provisions beyond the current year, but as a one-off this underspend can now be declared, offsetting a large proportion of the in-year pressures identified in Table 3 above.

## 9. General Fund Balance

- 9.1. The effect on the Council's Reserves of the forecast is detailed below. The Council's policy on balances is to have a general fund balance (excluding schools balances) of between 0.5% and 2% of the gross revenue budget. For 2014/15 the minimum balance required is £2.861m. The Financial Strategy, agreed by Council on 27 February 2014, anticipates a level of reserves by year end of £11.3m. Based on the current monitoring position, the projected General Fund Balance is shown in Table 4 below:

**Table 4: Projected General Fund Balance As At 31 March 2015**

	(£'000)
General Fund Balances as at 31 March 2014	14,497
Budgeted contribution to General Fund Balance	409
This report – projected outturn (overspend)	(3,225)
<b>Projected Balance at 31 March 2015</b>	<b>11,681</b>

- 9.2 The projected General Fund Balance at 31 March is above the level anticipated within the Financial Strategy. However the risk based target for 2014/15 was calculated at £18.513m, and the current projected balance is significantly below this figure. While the overspend is only an early indication, and is a 0.56% variance compared to Gross Revenue Budget, this emphasises that further work is required to deliver the savings targets for the year and mitigate any additional budget pressures identified for each service area to ensure that the Council's budget Strategy is not compromised.



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

Revenue & Capital Budget 2014/15  
Financial Rules

**Appendices**

- 1 – Service Area Pressures and Actions 2014/15
- 2 – Amendments to Original Budget 2014/15

**Service Area Pressures and Actions 2014/15**Summary

	Full year			RAGY
	Budget	Forecast	Variance	
	£	£	£	
<b>Adult Services</b>	64,684,990	66,521,070	1,836,080	R
<b>Children Services</b>	56,187,410	57,193,320	1,005,910	A
<b>Commissioning</b>	90,356,040	92,375,297	2,019,257	R
<b>Public Health</b>	1,470,140	1,487,600	17,460	G
<b>Resources &amp; Support</b>	7,044,860	7,892,566	847,706	R
<b>Corporate</b>	3,701,510	1,200,202	(2,501,308)	Y
<b>Total</b>	<b>223,444,950</b>	<b>226,670,055</b>	<b>3,225,105</b>	<b>R</b>

Detail

ADULT SERVICES	Full year			RAGY
	Budget	Forecast	Variance	
	£	£	£	
<b>Total</b>	<b>64,684,990</b>	<b>66,521,070</b>	<b>1,836,080</b>	<b>R</b>

<b>Social Care Operations</b>	<b>Portfolio Holder Adult Services and Local Commissioning (South)</b>	49,107,520	51,249,325	2,141,805	<b>R</b>
<p>At this early point in the year we currently project an overspend of £4.3m having made cautious assumptions about the achievement of the full savings plan. However, the service has recently embarked on a major redesign piece and despite the early position in the year we are seeing some evidence that the savings proposals can be delivered and therefore our final projection for reporting purposes is £1.8m. We will continue to monitor the position closely, and it may be that as further information flows through the projected overspend will increase, but we are seeing action on the ground and have received management assurances that everything is being done to deliver all proposed savings and manage any other pressures in-year.</p>					
<b>Social Care Efficiency &amp; Approval</b>	<b>Portfolio Holder Adult Services and Local Commissioning (South)</b>	13,096,870	12,965,804	(131,066)	<b>Y</b>
<p>An overspend within Community Living and Shared Lives is currently being offset by underspends in Day Services as a result of early achievement of savings.</p>					
<b>Adult Services Management</b>	<b>Portfolio Holder Adult Services and Local Commissioning (South)</b>	2,480,600	2,305,941	(174,659)	<b>Y</b>
<p>Early achievement of 2015/16 savings related to VR offset by in year pressures relating to the PFI review.</p>					

CHILDRENS SERVICES	Full year			RAGY
	Budget	Forecast	Variance	
	£	£	£	
<b>Total</b>	<b>56,187,410</b>	<b>57,193,320</b>	<b>1,005,910</b>	<b>A</b>

<b>Learning &amp; Skills</b>	<b>Deputy Leader of the Council; Portfolio Holder Children's Services, Transformation and Safeguarding</b>	28,128,180	28,636,939	508,759	<b>A</b>
Estimated ESG Grant reduction due to schools transferring to academies since initial budget was calculated £0.416m, however this has been offset by a virement from corporate budget identified from alternative grant funding received. Transport savings still to be found £0.512m. It should be noted that one off funding of £1.414m has been applied to achieve this position, which will need to be added to the saving requirement in 2015/16. Some assumptions have been made in relation to savings that will not become fully apparent until the Autumn when the service restructure will be completed.					
<b>Children's Safeguarding</b>	<b>Deputy Leader of the Council; Portfolio Holder Children's Services, Transformation and Safeguarding</b>	28,059,230	28,556,381	497,151	<b>A</b>
The overspend position of £0.982m within placements has been offset by one off funding of £0.485m, which will need to be added to the saving requirement for 2015/16. Some assumptions have been made in relation to savings that will not become fully apparent until the Autumn when the service restructure will be completed.					

COMMISSIONING	Full year			RAGY
	Budget	Forecast	Variance	
	£	£	£	
<b>Total</b>	<b>90,356,040</b>	<b>92,375,298</b>	<b>2,019,258</b>	<b>R</b>

<b>Director of Commissioning</b>	<b>Portfolio Holder Leisure, Libraries and Culture</b>	653,350	653,065	(285)	<b>Y</b>
Minor variation from budget projected as at Quarter 1.					
<b>Director of Commissioner Total</b>		<b>653,350</b>	<b>653,065</b>	<b>(285)</b>	

<b>Local Commissioning</b>	<b>Portfolio Holder Business Growth, ip&amp;e and Commissioning (North)</b>	430,130	430,619	489	<b>G</b>
Minor variation from budget projected as at Quarter 1.					
<b>Local Commissioning Total</b>		<b>430,130</b>	<b>430,619</b>	<b>489</b>	

<b>Area Commissioner North – Positive Activities</b>	<b>Portfolio Holder Leisure, Libraries and Culture</b>	1,104,610	1,103,817	(793)	<b>Y</b>
Minor variation from budget projected as at Quarter 1.					
<b>Area Commissioner North – Community Action</b>	<b>Portfolio Holder Leisure, Libraries and Culture</b>	815,090	765,881	(49,209)	<b>Y</b>
Vacancy management and efficiency savings, plus specific budget for compulsory redundancies not required.					

COMMISSIONING		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
<b>Area Commissioner North - Libraries</b>	<b>Portfolio Holder Leisure, Libraries and Culture</b>	3,814,710	3,903,646	88,936	<b>A</b>
A delay to the consultation on libraries means that some savings, such as reduction in opening hours, will not take place when originally planned.					
<b>Area Commissioner North - Markets</b>	<b>Portfolio Holder Business Growth, ip&amp;e and Commissioning (North)</b>	67,470	81,311	13,841	<b>G</b>
Budget for repairs and maintenance costs.					
<b>Area Commissioner North - Waste</b>	<b>Portfolio Holder Business Growth, ip&amp;e and Commissioning (North)</b>	26,726,550	27,224,375	497,825	<b>A</b>
Reflects the £590,000 of savings that have been rated red in terms of deliverability, less projections of excess budget against contract subjectives for ancillary services, NNDR and annual reconciliation.					
<b>Area Commissioner North – Shrewsbury BID</b>		0	(10,300)	(10,300)	<b>Y</b>
Repayment of 2013/14 grant, not budgeted for.					
<b>Area Commissioner North</b>	<b>Portfolio Holder Business Growth, ip&amp;e and Commissioning (North)</b>	234,550	238,222	3,672	<b>G</b>
Grant payment made that has not been budgeted for. Small one-off grants budget to be created by period 4.					
<b>Area Commissioner North Total</b>		<b>32,762,980</b>	<b>33,306,953</b>	<b>543,973</b>	<b>A</b>
<b>Area Commissioner South – Environmental Maintenance</b>	<b>Portfolio Holder Highways &amp; Transport</b>	26,410,220	27,910,621	1,500,401	<b>R</b>
A recent exercise, completed by the Capital Accounting team, has identified expenditure which has previously been recorded as capital, should be classified as revenue. This is partially offset in 2014/15 by funding which can be released from reserve. Discussions to resolve this issue are currently ongoing.					
<b>Area Commissioner South – Highways &amp; Transport</b>	<b>Portfolio Holder Highways &amp; Transport</b>	5,145,620	5,108,240	(37,380)	<b>Y</b>
There are a number of minor variations resulting in a small overall underspend.					
<b>Area Commissioner South – Passenger Transport</b>	<b>Portfolio Holder Highways &amp; Transport</b>	788,200	787,556	(644)	<b>Y</b>
Minor variation from budget projected as at Quarter 1.					
<b>Area Commissioner South – Sports</b>	<b>Portfolio Holder Leisure, Libraries and Culture</b>	213,650	213,400	(250)	<b>Y</b>
Minor variation from budget projected as at Quarter 1.					
<b>Area Commissioner South – Leisure</b>	<b>Portfolio Holder Leisure, Libraries and Culture</b>	3,765,890	3,798,254	32,364	<b>G</b>
Reflects Shropshire Community Leisure Trust saving that has been rated red in terms of deliverability, less vacancy management and efficiency savings at Shropshire Council operated facilities.					
<b>Area Commissioner South</b>	<b>Portfolio Holder Adult Services and Commissioning (South)</b>	311,550	319,304	7,754	<b>G</b>
Overspend on salaries budget, plus grant payment made that has not been budgeted for. Small one-off grants budget to be created by period 4.					
<b>Area Commissioner South Total</b>		<b>36,635,130</b>	<b>38,137,374</b>	<b>1,502,244</b>	<b>R</b>

COMMISSIONING		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
<b>Public Protection &amp; Enforcement – Healthier People &amp; Communities</b>	<b>Portfolio Holder Business Growth, ip&amp;e and Commissioning (North)</b>	1,535,950	1,535,950	0	<b>G</b>
No variation from budget projected as at Quarter 1.					
<b>Public Protection &amp; Enforcement – Healthier &amp; Sustainable Environment</b>	<b>Portfolio Holder Business Growth, ip&amp;e and Commissioning (North)</b>	929,430	929,430	0	<b>G</b>
No variation from budget projected as at Quarter 1.					
<b>Public Protection &amp; Enforcement – Safer &amp; Stronger Communities</b>	<b>Portfolio Holder Business Growth, ip&amp;e and Commissioning (North)</b>	853,570	853,570	0	<b>G</b>
No variation from budget projected as at Quarter 1.					
<b>Public Protection &amp; Enforcement – Public Protection Management</b>	<b>Portfolio Holder Business Growth, ip&amp;e and Commissioning (North)</b>	877,170	877,170	0	<b>G</b>
No variation from budget projected as at Quarter 1. Public Protection is forecasting that all the required savings will be achieved.					
<b>Public Protection – Housing Health</b>	<b>Portfolio Holder Planning, Housing and Commissioning (Central)</b>	6,042,580	6,042,580	0	<b>G</b>
Currently discussing plans for achieving the savings required. This includes a potential grant allocation for a one off contribution.					
<b>Public Protection &amp; Enforcement Total</b>		<b>10,238,700</b>	<b>10,238,700</b>	<b>0</b>	<b>G</b>
<b>Business Growth &amp; Prosperity – Arts</b>	<b>Portfolio Holder Leisure, Libraries and Culture</b>	219,040	218,114	(926)	<b>Y</b>
Minor variation from budget projected as at Quarter 1.					
<b>Business Growth &amp; Prosperity - Enterprise &amp; Business</b>	<b>Portfolio Holder Business Growth, ip&amp;e and Commissioning (North)</b>	1,059,920	999,148	(60,772)	<b>Y</b>
Deliberate savings in this area (essentially staffing), to offset challenges in 'Infrastructure and Growth' (as below).					
<b>Business Growth &amp; Prosperity - Visitor Economy</b>	<b>Portfolio Holder Business Growth, ip&amp;e and Commissioning (North)</b>	1,806,280	1,982,766	176,486	<b>R</b>
There is significant transformation of 'Visitor Economy' in 2014/15 that includes consolidation and commercialisation of the service. A number of costs to achieve this transformation have been identified, two of the more significant include: - costs to achieve the 'Community Asset Transfer' of the Discovery Centre and move the library to the community centre and actual Business rates at the Music Hall have been evaluated at a much higher level than anticipated.					
<b>Business Growth &amp; Prosperity - Outdoor Recreation</b>	<b>Portfolio Holder Leisure, Libraries and Culture</b>	2,380,190	2,380,040	(150)	<b>Y</b>
Minor variation from budget projected as at Quarter 1.					
<b>Business Growth &amp; Prosperity - Theatre Severn</b>	<b>Portfolio Holder Leisure, Libraries and Culture</b>	556,650	581,836	25,186	<b>G</b>
One of the additional income streams for 2014/15 (cultural VAT exemption) is still awaiting a court decision, so alternatives are being explored, however, the degree of success is difficult to reliably predict at this stage.					

COMMISSIONING		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
<b>Business Growth &amp; Prosperity - Infrastructure &amp; Growth</b>	<b>Portfolio Holder Business Growth, ip&amp;e and Commissioning (North)</b>	14,800	64,466	49,666	<b>G</b>
Income from lettings remains challenging, mitigated by savings in 'Enterprise and Business' (above).					
<b>Business Growth &amp; Prosperity - Development Management</b>	<b>Portfolio Holder Planning, Housing and Commissioning (Central)</b>	2,887,280	2,664,847	(222,433)	<b>Y</b>
This service has significant income from 'Fees and Charges' and 'Applications'. Recent history indicates that levels of income are extremely difficult to predict, 2013/14 was an exceptional year, however it is thought that this may change dramatically following the submission of the SAMDev plan potentially reducing the current high levels of speculative planning applications. Current indications suggest an underspend, however, monthly monitoring of income will be required throughout the year.					
<b>Business Growth &amp; Prosperity – Management</b>	<b>Portfolio Holder Planning, Housing and Commissioning (Central)</b>	711,590	717,369	5,779	<b>G</b>
Minor variation from budget projected as at Quarter 1.					
<b>Business Growth &amp; Prosperity Total</b>		<b>9,635,750</b>	<b>9,608,587</b>	<b>(27,163)</b>	<b>Y</b>

PUBLIC HEALTH		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
<b>Total</b>		<b>1,470,140</b>	<b>1,487,600</b>	<b>17,460</b>	<b>G</b>

<b>Public Health</b>	<b>Portfolio Holder Health</b>	1,470,140	1,487,600	17,460	<b>G</b>
Public Health covered by the Public Health Grant is projecting on budget with savings achieved. The overspend is projected in areas not offset by the Public Health grant such as LINKS and Registrars.					

RESOURCES & SUPPORT		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
<b>Total</b>		<b>7,044,860</b>	<b>7,892,566</b>	<b>847,706</b>	<b>R</b>
<b>Commercial Services</b>	<b>Portfolio Holder Resources, Finance, and Support</b>	3,792,610	4,407,494	614,884	<b>R</b>
Commercial Services (excluding Shire Services) is projected to be £0.615m overspent by year end. Income generation by the Design Team has been flagged previously as a financial pressure which has partially been addressed by voluntary redundancy within the team. This and other measures have now reduced the shortfall to a minimum level (£0.428m) but no further reductions are achievable and will be resolved by a virement from corporate resources. The costs of dilapidations across premises that are due to reach the end of their lease in this financial year are estimated to result in a one-off cost of £0.2m, although work is being undertaken to manage this cost down further. A total overspend of £0.614m is forecast in relation to property savings. These are identified as Red and Amber flagged savings targets in the current financial year, and can only be realised on disposal of assets, which is beyond our control and necessarily subject to market forces. Savings identified to offset these costs include staffing savings due to restructures and an increased number of pitches on Travellers Sites resulting in increased income projections.					
<b>Customer Involvement</b>	<b>Portfolio Holder Resources, Finance, and Support</b>	(839,720)	(366,723)	472,997	<b>R</b>
The Wide Area Network contract has been retendered to deliver a saving of £1.9m over the next three years. In the short term, an element of dual running of the contracts is required in 2014/15 to ensure operational resilience over the transition period, and this one-off cost is now quantified and reflected in current projections, with work on-going to identify alternative one-off savings to mitigate this necessary cost. The cost of £0.490m will be spread over the three years of the new WAN contract and is covered in 2014/15 only by a temporary virement from corporate resources, to be repaid in 2015/16 and 2016/17. Additionally, during this period, IT will continue to support the schools broadband charge at a maximum cost of £0.250m for 2014/15 only. There are unachievable savings targets of £0.192m for the Customer Service Centre and Face to Face proposals in 2014/15 which have been flagged as Red and relate to the current delays in implementation which are due to be resolved imminently.					
<b>Finance, Governance &amp; Assurance</b>	<b>Portfolio Holder Resources, Finance, and Support</b>	1,819,820	1,871,928	52,108	<b>R</b>
A number of pressures resulting from short term staffing costs are being reviewed and action is being taken to reduce the level of this small overspend.					
<b>Human Resources &amp; Development</b>	<b>Portfolio Holder Resources, Finance, and Support</b>	119,480	93,327	(26,153)	<b>Y</b>
There has been some recent staff turnover and additional savings are being achieved on vacancy management.					
<b>Legal, Democratic &amp; Strategy</b>	<b>Portfolio Holder Resources, Finance, and Support</b>	1,152,670	940,042	(212,628)	<b>Y</b>
Additional savings have been identified as follows: Committee services, additional staffing savings of £40k, reduction in postage costs £7k and £7k reduction in spend on printing forecast. Savings on members costs in relation to car allowances of £24k and an additional £10k relating to subsistence. Savings have also been achieved across members' service in the region of £10k across various areas such as telephones and printing. Savings of £25k in relation to election services postage costs. A further saving of £45k has been identified in relation to subscription requirements. However, there is currently a large spend on Legal fees in relation to child care and this needs to be closely monitored as this may overspend later in the year.					
<b>Strategic Management Board</b>	<b>Portfolio Holder Resources, Finance, and Support</b>	1,000,000	946,498	(53,502)	<b>Y</b>
Savings of £0.036m in relation to PA vacancies not being filled, with a number of additional savings within subscription and travel budgets. Additional funding of £1m has been allocated to this budget to fund a number of activities relating to the development of a new university in Shropshire, as approved by Council 17.07.14.					

CORPORATE		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
<b>Total</b>		<b>3,701,510</b>	<b>1,200,202</b>	<b>(2,501,308)</b>	<b>Y</b>
<b>Corporate Budgets</b>	<b>Portfolio Holder Resources, Finance, and Support</b>	3,701,510	1,200,202	(2,501,308)	Y
<p>Additional Non-distributable costs and added years pensions costs are forecast at £28.5k over budget. However, other savings have been identified from various budgets to offset additional costs in 2014/15. A virement of £1m has been made from the transformation fund towards the costs of the university, and a virement of £0.416m has been made from additional grant funding received to offset the loss of grant in ESG within Children's Services. A further virement to resolve an underlying budget shortfall in Commercial Services of £0.428m has been undertaken. Furthermore, a one-off virement has been made to spread the £0.490m one-off cost relating to dual running of the WAN contract, which will be repaid in future years. The Council's Medium Term Financial Plan took account of a number of assumptions in Council Tax Freeze Grant, Section 31 grants (relating to, for example small business rate relief) and Business Rate appeals provision. While the longer term implications of these elements remain uncertain (for example whether they will be rolled transparently into future RSG allocations) an assessment over the first 3 months of the year has identified that £2.471m has been budgeted for, but can be assumed to be uncommitted in 2014/15 with a reasonable degree of certainty. It is too early to assess the implications of these provisions beyond the current year, but as a one-off this underspend can now be declared, offsetting a large proportion of the in-year pressures identified in Table 3 of the report.</p>					



**Appendix 2****Amendments to Original Budget 2014/15**

	<b>Total £'000</b>	<b>Adult Services £'000</b>	<b>Children's Services £'000</b>	<b>Commiss ioning £'000</b>	<b>Public Health £'000</b>	<b>Resources &amp; Support £'000</b>	<b>Corporate £'000</b>
Original Budget as agreed by Council <u>Quarter 1</u>	<b>223,445</b>	64,555	55,902	90,356	1,470	5,127	6,035
Professional Development Unit transferred from Children's Services to Adult Services	<b>0</b>	130	(130)	0	0	0	0
Grant funding re shortfall in ESG	<b>0</b>	0	416	0	0	0	(416)
Funding to Develop University Plans	<b>0</b>	0	0	0	0	1,000	(1,000)
Cost of dual running of the WAN contract	<b>0</b>	0	0	0	0	490	(490)
Financial pressures within the Property Services Design Team	<b>0</b>	0	0	0	0	428	(428)
<b>Revised Budget</b>	<b>223,445</b>	<b>64,685</b>	<b>56,188</b>	<b>90,356</b>	<b>1,470</b>	<b>7,045</b>	<b>3,701</b>