Please see Appendix 1 for specific information in relation to the People Directorate

Committee and Date	Item
People Overview and Scrutiny 15th November 2023	7
Transformation & Improvement Scrutiny 15th November 2023	
Cabinet 22nd November 2023	Public

Financial Monitoring 2023/24 – Quarter 2

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

1. Synopsis

The Shropshire Plan clarifies our vision and priorities, aligning our resources to deliver positive outcomes for our people, businesses and communities. Our objectives are to be delivered within a fixed financial envelope and we are making good progress towards that aim.

2. Executive Summary

Overview

2.1. The Shropshire Plan (TSP) was created to clarify Shropshire Council's vision, priorities and Strategic Objectives. These objectives reflect the outcomes we aim to achieve within our available financial envelope. We measure the achievement of TSP by monitoring our performance (using Key Performance Indicators (KPIs) to help measure, drive and understand delivery of our Strategic Objectives) and managing our overall financial position (ultimately delivering our outcomes while remaining within our agreed financial envelope).

2.2. The current year, 2023/24, is the year we are prioritising financial management with the aim to create a sustainable financial future. Over this year we need to closely monitor our finances and take decisive and corrective action against any deviation from our approved Medium Term Financial Strategy (MTFS). We are seeking to rebase our budgets, in line with the outcomes defined in TSP, to secure a modern, efficient, and sustainable base for the Council finances across the 5 year period of the MTFS.

2.3. This approach is aligned to the recommendations of the LGA peer review and is comparable with the best approaches seen in local government and covers the key elements of the Councils finances – revenue performance including ringfenced grants, spending reductions, reserves, and capital investment.

2.4. We will need to make the adjustments this year but Shropshire residents will reap the rewards for many years to come, through improved financial stability. Against this backdrop we are seeking to maintain our performance and improve it where our financial position allows. Our plans will then expand into the next financial year with a focus on increased efficiency and improved outcomes, redefining the way we deliver our services to optimise delivery of our vision. Beyond that, our emerging intent is to grow our potential, seeking continuous improvement, greater resilience and increased efficiency in all aspects of our work.

Summary

2.5. In a challenging year, where other councils are also struggling financially, Shropshire Council continues to robustly manage its finances. Our net budget has grown by £20m compared to last year and we have targeted £51.4m of spending reductions to contain our spending within this financial envelope. Of this target, £20.6m has been delivered by the end of September 2023 and a further £17.4m to be delivered by March 2024. Overall, this equates to £38.0m, or 74% of the target.

2.6. In common with every financial year, we expect our models and plans for service delivery to adapt and modify with the changing external environment. Typically, we must manage under and over-spending variations across all of our spend heads and to date we have identified material pressures in demand-led social care services. We are working to create plans to mitigate these pressures to align our spending with available resources, if necessary, extending beyond this financial year.

2.7. While the Council's vision and intended outcomes is clear, the scale of the financial challenge in 2023/24 is unprecedented. To maintain focus in the delivery of our outcomes, increased resilience across the organisation is necessary. Undertaking an extensive leadership development programme (GLR) to provide individual resilience, investing in a new corporate resource (the Office of the Chief Executive or OCE) to provide programme management expertise and increased focus, and working with a new Strategic Transformation Partner (PwC) to create capacity and capability for the authority are all designed to improve organisational resilience.

2.8. This report estimates the Council's year end position by reviewing and projecting information from the first quarter of the financial year. Whilst information from the period 2 (to the end of May) was used to provide an early oversight of our financial position, this is the first published report for the current financial year and will be followed by reports for the year to 30 September (quarter 2), 31 December (quarter 3), and 31 March (quarter 4, or 'outturn'). Monthly updates will be provided between these times.

2.9. As part of the necessary arrangements for delivering TSP, the Council has reviewed and updated its approaches to both performance and financial monitoring. Both areas are now more pro-actively informed by timely activity data and are available to a range of officers to help guide decision making. The 'PowerBI' dashboards provide current data, showing trends, RAG status and benchmarking where available. These approaches were initially designed in late 2022/23 and have been implemented in Q1 2023/24 for roll out across the year. The work on them is ongoing and iterative, as we identify what works best for colleagues across the Council.

2.10. The Q2 Performance report (elsewhere on this agenda) sets out performance across the Council using a range of KPIs. These focus on the key performance metrics needed to enable assessment of the delivery of the agreed outcomes set out in TSP through our priorities and strategic objectives.

2.11. This Q2 Finance report complements the performance report but provides a different perspective. Crucially, the finance report and the forecasts it contains reflect the current position on 'cost drivers' rather than 'KPIs'. We may therefore find that the position on KPIs is favourable, but that the finance position is adverse because the activity levels (the cost drivers) are higher than anticipated.

2.12. To address this position effectively, the following measures have been put into place:

a. Review of savings not yet achieved to identify how delivery against the remaining £13.4m can be maximised.

b. Implementation of demand-management initiatives in social care services to ensure that, wherever possible and safe, early interventions are identified to help prevent children coming into care, and adults to remain independent and delaying the need for long term care and support. Given the extent of the demand-led pressures, it is expected that the situation will not be fully resolved in the current financial year. As such, and where clear long term plans are set out which can demonstrate success, short-term funding will be made available while successful demand management measures are implemented.

c. The General Fund balance, as set out in the March MTFS has been increased to £27.0m. It is intended to preserve this amount to the greatest extent possible in the year, as part of the wider work to repair the Council's balance sheet. Based on the planned forecast set out above, there may remain an unreduced pressure of £3.6m, which could be funded by the general fund balance and leave £23.4m (which is above the lower end of the target range).

Key Values and Context

2.13. The key issues highlighted by this report are:

a. **Revenue spending reductions of £38.0m**: The MTFS agreed by Full Council (2 March 2023) included £51.4m of planned spending reductions.
   - To 30 September, £20.6m is confirmed as already fully delivered with a further £17.4m expected by year end, to a total of £38.0m of

spending reductions currently expected to be delivered by 31 March 2024.
- £38.0m represents 74% of the year-end target.

b. **Remaining revenue spending reductions of £13.4m under review**: Further work is needed to deliver the balance of spending reductions to achieve the overall target. Within the £13.4m not yet expected to be delivered are some schemes where progress is in hand, and further delivery can be expected, but also other schemes which are now in doubt (either for in-year delivery, or for overall deliverability).

c. **Spending pressures in demand-led services of £22.2m**: Despite the good progress on spending constraint already identified (at a and b, above), social care services are experiencing significant demand pressures, in common with many other local authorities.

d. **A resulting 'BAU' ('do nothing') forecast of £32.3m:** Taking (a), (b), and (c) together results in anticipated spending which is £32.3m outside the available budget, assuming no further actions are taken to improve that position.

e. **An 'operating' forecast of £3.6m:** With further programmed actions taken . These actions include further work for items (b – savings delivery) and (c – budget pressures)

f. **The above resulting in a General Fund Balance £23.4m at year end.**

Table 1: summary position including current BAU and Operating Forecasts.

		Ref	Q2 £m	*Q1 £m*
Savings	Target: £51.4m; Achieved £20.6m, additional expected: £17.4m, overall £38.0m at Sept 30 (74%). £13.4m where further delivery is under review.	a, b	10.1	*17.1*
Other challenges	Principally social care demand higher than anticipated	c	22.2	*20.5*
BAU forecast	**Forecast before planned mitigations ('do nothing')**	**d**	**32.3**	***37.6***
Further savings anticipated	Expected minimum delivery of 90% is £46.2m. Delivery of £46.2m implies a further £8.2m available above the £38.0m already delivered.		-8.2	*-11.9*
Demand mitigation	Short term funding while demand-led pressures are addressed (18 months)		-20.5	*-20.5*
Operating forecast	**Forecast after planned mitigations ('planned delivery')**	**e**	**3.6**	***5.2***
Unearmarked Reserves	General Fund Balance brought forward		7.1	*7.1*
	Budgeted contribution		19.9	*19.9*
	Planned delivery forecast (unless mitigated)		-3.6	*-5.2*
	Estimated General Fund Balance @ 31 March 2024 (f) 21.8 (target = £	**f**	**23.4**	***21.8***

3. Recommendations

Transformation & Improvement Scrutiny Committee

3.1 It is recommended that Transformation & Improvement Scrutiny Committee note the current position, raise any issues as appropriate, and identify any areas for future consideration by Scrutiny.

Cabinet

3.2 It is recommended that Cabinet note the following:

a. That at the end of Quarter 2 (30 September 2023), the current expected level of savings delivery is £38.0m.
b. That savings not yet confirmed, and so under further review to assess deliverability, amount to £13.4m.
c. That demand-led services are forecasting significant budget pressures of £22.2m in the year, which are likely to continue into the coming year.
d. The result of A-C above with no further actions is a forecast overall overspend of £32.393m.
e. That it is assumed for planning purposes that
- 90% of the total savings will be delivered (so £8.2m further delivery expected) and
- short-term funding will be identified to enable sustainable demand management approaches to be implemented in social care services (total: £20.5m), with necessary plans prepared to enable this.

f. The resulting forecast at quarter 2 is therefore a likely overall overspend of £3.6m once key management actions, set out above, are implemented. This will leave the General Fund balance at £23.4m, within the target range of £15m-£30m.

Report

4. Risk Assessment and Opportunities Appraisal

4.14 Regular financial reporting is part of the governance and risk management approach within the Council ensuring that it delivers sustainable and value for money services as required under statute. Risk management continues to be an active part of this process, and Officers review potential risk and opportunity scenarios each month.

4.15 Risk table

Table 2: Risks and mitigations

Risk	*Mitigation*
That the management actions described do not yield the results being targeted, leading to a larger pressure on the general fund balance.	To further enhance reporting and action planning on financial performance through Directorate Management and Chief Officer teams to include clear visibility for reserves position(s). To ensure that plans are prioritised such that the outturn position is fully funded by available reserves.
Ongoing pressures in Adult Social care	Partnership working with the ICS to ensure that risks and opportunities are actively managed through the winter period (an integrated approach to hospital discharge arrangements), and that opportunities to secure any additional funding (e.g., from DHSC) are utilised. The service transformation programme (see below from para 8.21) will also provide mitigations, with the enhanced approach to reablement.
Ongoing pressures in Children's social care	Current indications are that the use of earlier intervention approaches is reducing the number of cases where children in need become children looked after, which will reduce new cases of children in need of care. Additionally, the introduction of in-house residential provision will provide alternatives commercial residential care, such as family reunification or fostering.
Insufficient reserves to cover projected overspending or other deficits.	Improved budget preparation process with more analysis of current and future activity trends. Modelling of current and future reserves levels, including both earmarked and unearmarked, against likely levels of pressure and impact on securing the desirable level of unearmarked (general) reserves. Review of ways in which further funds can be brought into unallocated general fund balances and reserves to support balance sheet repair and reserves improvement with the aim to retain a General Fund Balance within the range of £15m to £30m.

5. Financial Implications

5.1 The subject of the report.

6. Climate Change Appraisal

6.1 The Council's Financial Strategy supports its strategies for Climate Change and Carbon Reduction in several 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.

6.2 Securing a robust and sustainable financial base will help the Council meet the challenges of climate change – this is not separate to our budget management, but integral to it, as set out in the objectives of The Shropshire Plan and our aim to secure a Healthy Environment.

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 2023/24 – 2027/28 on March 2023 which outlined the revenue and capital budget for 2023/24.

7.4 The approach to the current year was changed in view of the challenges we face, identified in the MTFS agreed by Full Council on 2 March 2023. The approach to the current year was changed to:

- Improve access for budget holders to key activity and financial information
- Speed up internal reporting from quarterly to monthly, while maintaining quarterly reporting as our standard demonstration of transparency and accountability.

7.5 This approach will be further developed during the second half of the year, ensuring further improvements to the financial positions for all service areas, and focusing on optimising the position at year end.

8. Projected Revenue Outturn at Q2

Overall position

8.1 At Quarter 2 (April – September), the Council is reporting a BAU ('business as usual') forecast overspend of £32.393m before further mitigations. This forecast assumes that all current plans are delivered, and that no further plans are put into place (hence, BAU).

8.2 The £32.393m forecast overspend can be summarised as

- **£13.381m of spending reduction targets not yet achieved** as at Quarter 2, and so subject to further review to assess deliverability within the year[1].
- **£9.701m budget pressures within Adult Social Care** due to higher demand pressure and complexity than anticipated.
- **£12.977m budget pressures within Children's Social Care** due to higher demand pressure than anticipated.

[1] Spending reductions are counted as delivered if there is a clear plan in place, delivery is already under way, and there is certainty in delivery over the course of the financial year. The status of all spending reduction plans is reviewed monthly, so may vary over time.

8.3 The significant budget pressure being seen in social care is a position shared in common with many other local authorities, as recent media reports and sector communications have continued to confirm. It is clear that the ongoing impacts of COVID and the cost of living crisis continue to impact on many residents.

8.4 Headlines for each directorate area are set out below, with more details in appendices 1A and 1B.

Figure 1: Directorate headlines

People	Overall £25.4m budget pressure for People Directorate continues to be driven by higher than anticipated demand for social care services, often with more complex needs. However, the financial position is after improvement arising from rapid delivery of planned spending reductions (currently £17.7m). Other linked mitigations include a broader reablement offer, already leading to higher numbers of people being supported through this pathway which provides better outcomes for residents and reduced future needs (greater independence) following a period of reablement. Also expanded use of Direct Payments to promote autonomy and support people to be at home where possible. This level of demand and cost increase is being experienced across the care sector.
Place	Overall Q2 position for Place Directorate improved by £4.2m (50%) from Q1 due to implementation of further spending reductions, some being budget plans for the current year, some arising from new developments or manager actions.
Resources	Results for Resources Directorate are driven by the ongoing overspending in Housing Benefit Subsidy related to Temporary Accommodation needing to use B&B provision, which is not fully funded through Housing Benefit. Wider plans to address Temporary Accommodation provision will address this but will take time to put into place. This is mitigated in part by achievement of reduced staff spending in line with budget plans.
Health and Wellbeing	Public Health activity is funded from the (£13m) public health grant, with underspends from previous years being carried forward and planned overspends being offset by brought forward surpluses (hence £0 variance forecast). Regulatory services position now within budget at Q2.
Corporate	Available cash balances have been higher than anticipated, and bank rates have been higher than anticipated, allowing more favourable results for interest receivable. Cash balances have been higher, in part, due to capital spending progressing slower than anticipated.

8.5 Table 2 below summarises the position by directorate. This shows that the greatest pressure is in the People Directorate, in the same way as was reported for Quarter 1. This is largely unchanged, due to ongoing work to address demand pressures. Other areas have seen improvements in their overall positions.

Table 3: BAU forecast expenditure and resources

Directorate	Revised Budget (£'000)	Forecast Outturn (£'000)	Q2 Under/ Overspend (£'000)	*Q1 Under/ Overspend (£'000)*
People	207,767	233,143	25,377	*24,859*
Place	80,882	85,172	4,289	*8,475*
Resources	3,096	6,297	3,201	*3,452*

Strategic Management Board	165	148	(17)	*14*
Health and Wellbeing	2,509	2,507	(2)	*63*
Service Spending	**294,419**	**327,267**	**32,848**	***36,863***
Corporate Budgets	(38,505)	(38,960)	(455)	*727*
Total Net Expenditure	**255,914**	**288,307**	**32,393**	***37,590***
Funded By:				
Council Tax	(193,577)	(193,577)	0	*0*
Business Rates	(39,424)	(39,424)	0	*0*
Top Up Grant	(11,120)	(11,120)	0	*0*
Revenue Support Grant	(7,479)	(7,479)	0	*0*
Collection Fund (Surplus)/Deficit	(4,314)	(4,314)	0	*0*
Total Funding	**(255,914)**	**(255,914)**	**0**	***0***
Net Total	**0**	**32,393**	**32,393**	*37,590*

8.6 Demand management interventions are discussed further in the following paragraphs. There are smaller but material overspends in Place and Resources Directorates, and work is in hand to further reduce these in the coming months. Overall service spending is £32.8m over budget, and corporate budgets are offsetting that by £0.5m. This represents a £5.2m improvement over the position reported at Q1. (For further detail, see Appendix 1A and 1B; the breakdown by portfolio holder is in Appendix 1C.)

Delivering spending reductions

8.7 The forecast set out at table 1 includes a BAU ('no change') forecast, as well as a forecast of the likely impact of management actions currently in hand. Two management actions are critical – increasing the overall level of spending reductions delivered through the remaining months of the year, and reducing demand pressures from their current levels. Spending reductions already delivered within the year and anticipated to be delivered by the year-end now amount to £38.0m. This is summarised below.

Figure 2: Forecast spending reductions

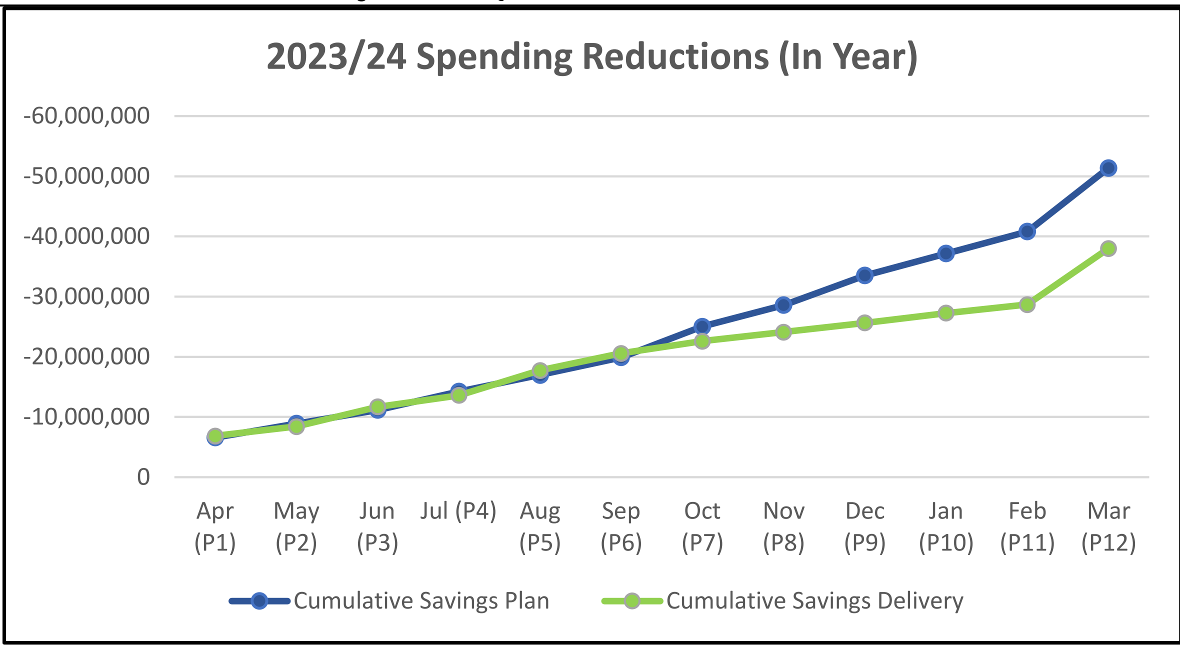


Table 4: Summary of spending reductions

2023/24 SPENDING REDUCTIONS	2023/24 target savings	Q2 - delivered	Q2 - forecast	% of target savings	under review
Health & Wellbeing	-653,170	-544,185	-653,170	100%	0
People	-21,304,438	-10,505,633	-17,754,748	83%	-3,549,690
Place	-16,941,750	-6,458,719	-12,331,340	73%	-4,610,410
Resources	-6,027,192	-1,870,411	-3,069,882	51%	-2,957,310
Corporate	-6,463,760	-1,200,010	-4,200,010	65%	-2,263,750
total	**-51,390,310**	**-20,578,957**	**-38,009,150**	**74%**	**-13,381,160**

8.8 Delivery of a further £8.2m of spending reductions involves addressing some of the savings proposed and agreed in March 2023 which are 'still to be identified' or 'slipped in delivery'. This requires further work, which is in hand, but plans are yet to be fully confirmed.

Demand Management

8.9 In order to address the budgetary pressures arising in Social Care, the People Directorate is actively implementing measures to help ensure that resident care needs are met at the earliest opportunity, to reduce the extent of higher cost care packages that are currently needed. Work to reduce demand pressures (to meet resident needs earlier) is set out below.

Responding to Demand Pressures

8.10 Demand arises when residents turn to the council to fulfil a need. All councils are facing unprecedented demand for social care due to a range of factors. This can manifest in different ways, including;

- simple resident requests for support or advice (demand)

- requests that are directed correctly and necessary (necessary demand), or
- which may arise in different parts of the Council's contact with residents and need redirection (misdirected demand); or again
- where a request is presented, but improperly (misdirected demand), or
- where a request is stimulated by other activity of the Council (failure demand/repeat demand)

8.11 Demand can also be considered in terms of where it is known early, and can be addressed before it becomes more acute, or where it is only identified late on, and so is more acute.

8.12 Demand pressures are increasingly being felt across the organisation, including inflationary pressures, temporary accommodation, customer expectations, and social care.

8.13 In children's social care (CSC) we are seeing a growth in children becoming looked after due to; the legacy of the covid pandemic, the current cost of living crisis, and changes in legal duties (notably the 2014 SEND reforms). The number of children looked after (those coming into care) has almost doubled in the last five years, from 333 in 2018 to 656 this year, putting significant pressure on the council's budget. Similarly, numbers of children with EHCPs has increased significantly.

8.14 In adults social care (ASC) the demand pressures are due to the aging population and in Shropshire this has become particularly challenging with over 30% of residents now over the age of 60 and an increasing number needing support. While some pay for their care, there has been a significant cost to the council. Services for older adults generally have a lower average cost but are provided to a high number of people. There is a further pressure arising from working age adults (18-65 years) where social care provides support – care for working age adults now accounts for approximately half the overall level spending in ASC, which often sees lower numbers of people needing care, but higher average cost of care packages.

8.15 To manage these different demand pressures, the council is introducing or enhancing interventions which will help the level of demand coming into the council, by supporting people earlier, differently, and promoting independence. These interventions improve outcomes for those involved and also reduce costs. The aim is to provide the right help (service) at the earliest opportunity, to prevent issues escalating to a point where more support is required.

<u>Children's Social Care Transformation Programme</u>

8.16 The CSC Transformation Programme has introduced or enhanced projects to reduce demand coming into the council. The 'Best Start in Life' project works with new parents and their families to give them the skills and support to reduce the likelihood of their child becoming in need of care (CIN) or looked after (CLA).

8.17 The 'Early Help' project has redesigned our Early Help 'front door' (the 'Early Help Advice and Support Team' or EHAST). It uses Family Support Workers to work with those at risk of escalating to more serious levels of intervention, ensuring that are better supported and protected. While these interventions have been in place for a relatively short period of time, their impact is already being seen. The 'Early Help' project has seen 189 initial contacts confirmed as needing 'no further action' further to receiving more general support and advice, a higher level of cases progressing to an early help period of targeted support. This has led to 78 potential referrals to social care being avoided. This means there more offers of early help and support are reducing escalation into child protection services – a better outcome for both the children and families concerned, and also for the overstretched social work teams at the Council.

8.18 Other projects aim at reducing the costs arising through providing care while also improving outcomes for our children and young people. For example, the ‘Stepping Stones’ project has actively worked with CLA to ‘step them down’ from residential care and move them into an appropriate foster family or back to their own family, where it is safe to do so.

8.19 Similarly, The Fostering project is looking at new and innovative ways to recruit and retain foster carers so that we have sufficient carers to meet the increasing need. In addition, our Residential projects, are creating our own Residential Care Homes to have these options available and available when needed rather than relying on an expensive marketplace. securing a residential care placement for a child in a commercial residential home can cost more than £250,000 per year. By contrast, the cost of a foster care placement is around one tenth of that cost.

Managing Demand Pressures in Adults Social Care

8.20 Similar approaches are being used in Adult Social Care. Projects in the Adult’s Transformation Programme have already achieved over £7m in spending reductions to date, while providing people with improved outcomes.

8.21 Adult social care services cover both working age adults (18-65 years) and those aged 65 or more. Working age adults’ needs are often around support with learning or physical disability, autism spectrum disorders, other mental health needs, or sensory needs (such as impaired vision or hearing). These services now account for around 50% of all adult social care spend. For those ages 65 or older, services are well understood, including care for those who are increasingly frail, or whose health needs have become more complex in later life. Often, a spell in hospital becomes necessary (due to a simple illness or a fall), and social care series help ensure that the individual is supported as they come out of hospital to return to as much independence as possible, in a setting that they help to determine.

8.22 We continue to see high levels of activity through the pathways of care for those being discharged from hospital, often with individuals whose care needs (temporarily or permanently) have become greater – for example, through dementia or nursing care needs.

8.23 One of the projects is looking to create a more defined ‘front door’ by redesigning part of the public-facing website to help people to assess their own needs, making use of local and community-based support in the first instance. This helps us to point people to existing solutions to more quickly meet their needs, maintain their independence, and reduce the overall support they require from the council.

8.24 In addition, we have started working with other agencies across the wider health and social care system to introduce a more integrated hospital discharge model, meaning that partners are increasingly working together to better manage discharge from hospital, to proactively identify individuals' needs, and to more appropriately meet those needs.

8.25 Another project promoting individual independence focuses on expanding the council's 'reablement' offer. We have improved the current reablement model and made it as efficient as it can be. However, a more fundamental change to that how we operate that model would bring better outcomes and further reduce overall costs. So, a new 'at home' model is being created to pull together all care solutions to allow people to return home quickly and safely (which is what so many tell us is their preferred option). We have already seen higher numbers of people being supported through this pathway which provides better outcomes for our residents and reduced needs following a period of reablement.

8.26 This 'at home' approach is also aided by our innovative approach to virtual care delivery and assistive technology. This has already received external funding and is making use of existing and emerging technologies to allow people to retain independence by staying safely at home while reducing the need for more costly support – which many often find unnecessarily intrusive. The pilot of this work has already provided impressive results and now plans are being put in place to implement it at a larger scale. (For example, assistive technology has helped the immediate family of an individual with high mental health needs to take a holiday, knowing that their other family member remains safe and independent. These types of interventions can also substantially reduce the costs of providing care.)

All-Age Commissioning

8.27 Lastly, the Council is also reviewing the approach taken to commissioning. Previously this has focused on adult social care services, but this is being expanded to support an 'all-age' commissioning model. This project will create an enhanced model of brokering and commissioning care packages in a way which optimises costs and reduces budget pressures while still providing good quality care as an when it is needed.

8.28 The demand management plan outline above will deliver a more sustainable budget position in the coming years, however it is acknowledged that this may take time to implement. A key focus at present is how fast we can effectively implement the schemes with the biggest impacts.

8.29 Linked to a revised approach to commissioning, work is also in hand to review and revise market sustainability in both adult and child social care.

Other variations

8.30 Social care demand pressures in People Directorate (set out in table 3) are similar to the levels seen in Q1 reporting, and can be attributed to slight changes in the base for the forecast as the year has developed. Other variations are attributable to Home to School Transport, largely the result of increasing numbers of children and young people with an EHCP. Work is in hand to review this and identify an approach to mitigating this pressure.

8.31 The c 50% reduction in the overspend forecast in Place Directorate from Q1 (also in table 3) is due to a combination of further spending reductions confirmed, and improvements in the forecast for Concessionary Travel costs and Highways repair costs. As can be seen from the examples below, a clear 'review' of how a service is delivered and financed can yield significant cost improvements while retaining or even improving outcomes for residents. Improvements in the areas of concessionary travel and highways repairs are quicker to identify and deliver. Similar improvements in demand management in social care are anticipated, as set out above.

8.32 Concessionary travel costs have been reduced through an improved reimbursement model for bus contractors combined with application of unanticipated DfT grant funding. This means that the same service can be provided to those in receipt of free bus passes but at lower cost to the council. Favourable resolution of a contractor dispute has also enabled a £400k provision held against an unfavourable outcome to be to be released.

8.33 Highways repair costs have been reduced through the introduction of a 'mixed economy' for repair works. As before, the term contractor (Kier) is delivering more complex and more expensive pothole repair work. However, a newly formed in-house team is delivering pothole repairs where it is quicker and cheaper – but no less effective – to do so. This means that the current rate of pothole reporting remains at around 630 reports per week, but that the rate of repair is higher, at around 850 repairs per week. This means that the backlog of repairs needed across the whole network is reducing, improving the overall useability of the network and reducing complaints.

8.34 Further improvements are anticipated from review of the Veolia PFI contract for waste collection and the generation of energy from waste. Under the current contract, the Council is now approaching the threshold at which it will receive a 50% share of the value of energy generated through waste, creating a further income stream. Again, demonstrating that careful review of service delivery can improve overall council efficiency and effectiveness without unduly impacting on the services received by residents.

9 Income

9.1 The revenue budget is funded by £255.9m of 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.

9.2 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 Spending Reductions

10.1 The spending reduction projections for 2023/24 have been shown as delivery confirmed or delivery to be confirmed (summarised above in table 4, with further detail in Appendix 3). These projections show that 74% of the 2023/24 target reductions have been delivered.

11 Reserves

11.1 The 2023/24 budget strategy included a contribution of £19.868m to the General Fund balance which would then reach £26.961m, which is a safer level given the current profile of financial risks. This is shown in the table below, and in appendix 5.

11.2 It is anticipated that one off resources will be identified to offset pressures in year while longer term sustainable demand management plans are in place. This will include the review and release of earmarked reserves and a review of grant balances received to try to utilise funds to offset one off pressures, primarily in social care. Without the use of these one off funds, and continued action to deliver the savings programme, the General Fund balance will be substantially depleted.

11.3 It is important that the Council maintains the General Fund Balance as assumed within the Medium Term Financial Strategy. Independent advice is that General Fund un-earmarked reserves should equate to 5%-10% of net spending.

Table 5: General Fund Balance

General Fund	£'000
Balance as at 1st April 2023	7,093
Budgeted Contribution in 2023/24	19,868
Budgeted General Fund Balance as at 31st March	***26,961***

11.4 The impact across all funds and the associated levels of reserves/surpluses carried forward are set out in table 5 (below). Reserves in the DSG, HRA, and PHG are ringfenced, and so can only be applied in line with the terms of those different grants or accounts.

Table 6: Summary of spending and impacts on reserves and carried forward surpluses for key funds and reserves.

Revenue summary (£m)	General Fund	Dedicated Schools Grant	Housing Revenue Account	Public Health Grant
Forecast expenditure	288.307	48.561	21.844	13.663
Budget	255.914	48.185	21.500	13.663
Forecast (under)/over spend	32.393	0.376	0.344	0
Reserves				
Brought forward	7.093	2.467	12.359	4.3
Added/(used)	19.867[2]	(0.376)	(0.618)	1.5
Carried forward/ in hand	26.960[3]	1.806	11.741	2.8

11.5 General fund reserves (the general fund balance) is part of the risk mitigation strategy of the council. It provides a flexible 'contingency' reserve – literally, a 'rainy day' fund. It is advisable to hold this reserve at £15m-£30m, depending on the assessment of risk. Based on the values above, a further £5.4m would be required to supplement the General Fund Balance and balance the position within the year. However, as set out in Table 1, additional actions in hand are expected to mitigate this position.

11.6 The DSG reserve is the result of surpluses accumulated in prior years. Overall, the DSG is allocated to be spent in-year on schools and educational priorities. Surpluses are carried forward to be used in later years. A DSG in surplus is currently unusual – the SEND reforms of 2014 have led to a rapid increase in EHCPs, which has impacted on the High Needs Block of the DSG. Many Councils currently use the national 'statutory override' position to avoid needing to provide in the general fund for the deficit in the DSG. Balances are also held by schools themselves, although the general fund balances remains the contingency fund of last resort.

11.7 The HRA reserves reflects both the overall reserves of the HRA and the business planning of STAR housing. Star currently hold c £6m in reserves accumulated from previous years surpluses. The HRA also holds separate reserves to cover, for example, Major Repairs and future capital investment costs (e.g. for carbon neutral, fire safety, and anti-mould investments). Again, however, the fund of last resort is the general fund.

[2] Based on contribution of £19.867m, set out in the March MTFS p36, and repeated in the October MTFS p9.
[3] Based on the BAU forecast, additional reserves of £5.433m would be required to ensure overall balance in the year. However, it is anticipated that further actions through the remainder of the year will mitigate this.

11.5 The PHG reserve is also the accumulated impact of underspending in previous years (partly due to the interaction of government funding for COVID response work and the scope of the PHG). Due to the impact of COVID funding, it is expected that the current accumulated surplus will be applied in the course of the next 3 years in line with planned and agreed activity within the current PHG regulations and monitored by OHID

12 Capital Investment

12.1 The current capital investment programme and actual spend on that is detailed in Table 5 below, including updated projections on financing of the programme. Further detail is provided in Appendix 7.

Table 7: Projected Outturn for the Approved Capital Programme

Directorate	**2023/24 Revised Capital Programme (£'000)**	**2023/24 Actual Spend (£'000)**	***2023/24 Actual YTD spend as % of Budgeted YTD Spend***	**2024/25 Capital Programme (£'000)**	**2025/26 Capital Programme (£'000)**
Health and Wellbeing	-	-	-	-	-
People	17,718	3,451	26.8	14,732	5,780
Place	79,895	21,921	27.4	104,114	39,725
Resources	1,042	1	0.06	-	
Total General Fund	**93,837**	**25,373**	**27.0**	**118,846**	**45,505**
Housing Revenue Account	32,826	5,569	17.0	17,125	12,708
Total Capital Programme	**126,663**	**30,942**	**24.4**	**135,971**	**58,213**
Financed By:					
Borrowing	31,585			42,155	11,737
Government Grants	54,991			69,174	33,011
Other Grants	2,280			156	44
Other Contributions	8,871			7,933	2,100
Revenue Contributions to Capital	4,125			50	369
Major Repairs Allowance	8,316			4,828	5,000
Capital Receipts	16,494			11,675	5,952
Total Financing	**126,662**			**135,971**	**58,213**

* Actual financing of the capital programme is determined at year end.

12.2 The current capital programme assumes a level of capital receipts to finance the capital programme. 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.

12.3 The Capital Strategy identified two large priority schemes, the Riverside Redevelopment[4] in Shrewsbury, and the North West Relief Road, to progress subject to further approval business case preparation and Council approval for this to form part of the Capital Programme. The NWRR is a key part of the transport strategy to support the Riverside Redevelopment.

[4] Initially set up in 2017, the Riverside Redevelopment is part of the wider Shrewsbury Town Centre redevelopment, sometimes call the Big Town Plan. The dedicated website is here: Shrewsbury Big Town Plan • Shrewsbury Big Town Plan

12.4 Over the last month the Riverside Redevelopment has gone out to public consultation, and the outcomes of this will help feed into the final business case for the project. Also, the North West Relief Road progress has been subject to planning permission being achieved, and this was formally agreed on 31 October by the Northern Planning Committee. Further work can now be prepared on these schemes to produce full and detailed business cases for DfT that will help confirm DfT funding and provide the necessary information to consider inclusion in the Council's capital programme in the future.

12.5 The 2017 purchase of 3 shopping centres is also related to these schemes (STC and NWRR), being part of the land assembly necessary to facilitate the Riverside Redevelopment, the Big Town Plan, and the transport strategy required to enable all of these.

12.6 Taken together, these schemes offer the opportunity to significantly enhance the quality of life in Shrewsbury, making it preferred destination for future tourism, business, and residential accommodation. All of these, in different ways, provide indirect contributions to improvements in the council's finances (through tourist spending, enhanced footfall and business locations, and building houses meeting a range of resident needs).

13 Housing Revenue Account (HRA)

13.1 At Quarter 1 (Period 3), the HRA is projecting a minor overspend of £0.344m (1.6% of gross budget) due to reduced projected dwellings rent. This will be carefully monitored during the remainder of the year and action taken to reduce this, however any residual overspend will be financed through the HRA reserve.

14 Dedicated Schools Grant

14.1 As with previous years, the final Early Years Block DSG allocation for 2022/23 was published on 20 July. The final allocation of £17.139m which takes account of the January 2023 census figures is £0.229m less than the provisional Early Years DSG Block DSG allocation. The provisional allocation was used to calculate the 2022/23 DSG surplus carried forward, which is now revised to £2.467m.

14.2 Of this, £0.285m relates to the 2021/22 and 2022/23 surpluses carried forward on the Schools Growth Fund. This value is earmarked for the Schools Growth Fund in 2023/24 where the Council's Schools Growth fund needs "topping-up" to meet 2023-24 expenditure requirements. This commitment will leave £2.181m 'uncommitted' in the DSG reserve.

14.3 As at the end of Quarter 2, there is a forecast in-year deficit for the DSG of £0.376m which will need to be funded by the £2.181m uncommitted reserve, indicating a likely position at 31 March 2024 of £1.806m. The £0.376m in-year deficit is largely caused by the forecast position for the High Needs Block which is an in-year deficit of £0.370m. This is due to a significant forecast overspend against the budget for Independent Special School placements. This has seen a 29% increase in expenditure in 2023-24 compared to the level estimated when the budget was prepared.

14.4 There are several explanations for the large increase in expenditure in 2023-24. Firstly, the Council has experienced a sharp increase in demand for Independent Special School placements. This is evidenced by the number of new placements, including more frequent use of independent alternative providers for children who are over 16. This pressure is partly offset by an underspend on the Post 16 education budgets. Secondly, the value, number, and complexity of placements jointly funded between the Council and local NHS partners has also increased ahead of anticipated levels.

14.5 While the financial position for 2023-24 is healthy, Schools Forum members have been advised that the position is likely to worsen in the coming years based on current funding and growth assumptions. This outlook is being held under review, and Forum members and Officers are seeking strategies to manage the expected demand in a sustainable way.

15 Financial Management

15.1 Key indicators of financial management can be examined through the management of routine financial transactions that the Council undertakes.

15.2 A key annual indicator is the ability to prepare the statutory accounts in line with the national deadline. This was achieved in the current year, with the pre-audit accounts being submitted for audit on the 31 May. The Council was one of only a few to achieve this, which provides confidence in the quality of the accounting records and the overall level of understanding that the finance team collectively hold.

15.3 In paying suppliers, the Council has adopted a no Purchase Order, no pay (“no PO 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. However, current levels of performance are variable between and within service areas.

15.4 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 2 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 2023/24 – 2027/28, Council

Financial Monitoring Report Quarter 1 2023/24, Cabinet, 6 September 2023

Financial Rules

Local Member:	All

Appendices [Please list the titles of Appendices]

Appendix 1A – 2023/24 Projected Revenue Outturn by Service

Appendix 1B – 2023/24 Detailed Projected Revenue Outturn by Service

Appendix 1C – 2023/24 Projected Revenue Outturn by Portfolio Holder

Appendix 2 – 2023/24 Income Projections

Appendix 3 – Delivery of 2023/24 Savings Proposals

Appendix 4 – Reconciliation of Monitoring Projections to Savings Delivery

Appendix 5 – Amendments to Original Budget 2023/24

Appendix 6 – Reserves 2023/24

Appendix 7 – Projected Capital Programme Outturn 2023/24 – 2025/26

Appendix 8 – Projected Capital Receipts

Appendix 9 – Financial Management Indicators

APPENDIX 1A

2023/24 PROJECTED REVENUE OUTTURN BY SERVICE

Directorate / Service	Forecast Outturn Variance at Q1	Budget at Q2	Forecast Outturn at Q2	Forecast Variance at Q2	*Movement from Q1 to Q2*	**Reasons for Movement**
	£'000	£'000	£'000	£'000	*£'000*	
People	**Overall £25.4m budget pressure in People Directorate continues to be driven by higher than anticipated demand for social care services, often with more complex needs. However, this position is <u>after</u> improvement arising from rapid delivery of agreed spending reductions (currently £17.7m). Other linked mitigations include expanded use of Direct Payments to promote autonomy and support people to be at home where possible. This level of demand and cost increase is being experienced across the local government social care sector.**					
Children's Social Care and Safeguarding	10,400	51,364	64,464	13,100	*2,700*	**Overall pressure changes from Q1 to Q2 amount to £2.7m increase and are summarised below.** • £2.376m - External Residential Placements - Increase in External Residential Placements (14 new external placements) • £0.248m - Staffing - Increase agency social workers and social worker retention payments. The service has experienced difficulties in recruiting qualified social workers to vacant posts. • £0.178m - PLO Support Packages, caused by an increase in items ordered by the Court (e.g. medical assessments and social worker assessments)
Adult Social Care	11,552	129,873	139,574	9,701	*(1,851)*	**Overall pressure changes from Q1 to Q2 represent a £1.9m reduction and are summarised below.** Purchasing Costs: net reduction of £1.547m • (£2.398m) increase in CHC (NHS) income and improved joint working arrangements. • (£1.414m) increase in one-off grant funding applied (additional Market Sustainability Improvement Grant and Emergency Care Support Grant above previously advised levels) • (£1.211m) forecast increase in income from client contributions reflecting increased activity levels • £3.086m expenditure increase in forecast placement costs. The majority of this is within care homes (£2.372m), but also in the Direct Payments and Domiciliary Care (£0.936m). Increased direct payments and domiciliary care is positive as these are more efficient ways to deliver suitable care and result in more people being supported at home. Non-purchasing Reduction - (£0.304m) • (£0.200m) additional reserves applied • (£0.219m) planned expenditure reduction across Internal Day Services, Four Rivers and START • £0.171m forecasted increase in Passenger Transport Costs (mitigation plans being explored).
Learning and Skills	181	22,347	22,643	296	*115*	• Home to School Transport costs increased further above budget, due largely to Statutory and Post 16 SEND. Mitigating actions are being developed.

Directorate / Service	Forecast Outturn Variance at Q1	Budget at Q2	Forecast Outturn at Q2	Forecast Variance at Q2	*Movement from Q1 to Q2*	Reasons for Movement
	£'000	£'000	£'000	£'000	*£'000*	
Directorate Management	2,702	553	2,956	2,403	*(299)*	• Housing Services have been moved to the Place Directorate, leading to some changes to income, spending, and target savings (£0.151m) • 5% target reduction in staffing for Early Help now achieved through a (one-off) contribution from Supporting Families Grant Reserve (£0.161m)
Children's Early Help, Partnerships and Commissioning	25	3,629	3,506	(123)	*(148)*	• -£0.056m – Spending reductions now achieved through (one-off) contribution from the Supporting Families Grant Reserve • -£0.082m - Increased underspend on Family Hubs Staffing (vacancies extended through Q2 as the service is redesigned)
People Total	**24,860**	**207,767**	**233,143**	**25,377**	*517*	
Place	**Overall Q2 position improved by £4.2m (50%) from Q1 due to implementation of spending reductions, some being budget plans for the current year, some arising from new developments or manager actions.**					
Commercial Services	670	39,007	41,370	2,363	*1,693*	• £4.161m transfer of waste from Highways and Transport, • -£0.797m draw down of reserves to help contribute to waste PFI saving in 2023-24 because of the likely delay in achieving the full saving in-year, • -£1.200m estimate of likely waste PFI saving to be realised in 2023-24 still being reviewed. • -£0.450m use of reserves to cover the delay in achieving Pyrolysis saving in climate change due for delivery in 2024-25.
Homes and Communities	622	16,883	17,326	443	*(179)*	• Increased overspend in Leisure mainly due to the delayed reopening of Quarry Pool, but this is mitigated overall through a range of spending reductions across Communities, Libraries, and Tourism services.
Economy and Place	1,005	7,440	7,994	554	*(451)*	• Overall improvement is driven by £0.351m of vacancy savings and use of reserves, with other improvements in Shopping centres and Building Control. • Forecast planning income remains below budget and this is slightly worsened.
Directorate Management	1,374	(777)	615	1,392	*18*	• Net effect of £0.159m increased savings target from People Directorate offset by reduced forecast of controllable spending by £0.130m
Highways and Transport	4,803	18,329	17,867	(463)	*(5,266)*	• £4.161m reduction from virement of waste to commercial services • £0.405m benefit from release of transport provision no longer required further to resolution of a transport contractor dispute • £0.486m benefit from receipt of additional DfT grants and positive changes to the concessionary travel reimbursement model to providers
Place Total	**8,475**	**80,882**	**85,172**	**4,289**	*(4,185)*	
Resources	**Results for Resources directorate are driven by the ongoing overspending in Housing Benefit Subsidy related to Temporary accommodation using B&B provision, which is not fully funded through Housing Benefit. Wider plans to address Temporary Accommodation provision will address this, but will take time to put into place. This is mitigated in part by achievement of reduced staff spending in line with budget plans.**					

Directorate / Service	Forecast Outturn Variance at Q1	Budget at Q2	Forecast Outturn at Q2	Forecast Variance at Q2	*Movement from Q1 to Q2*	Reasons for Movement
	£'000	£'000	£'000	£'000	*£'000*	
Finance and Technology	1,291	3,040	4,896	1,856	*565*	HB Subsidy loss increased based on increased requirement at period 4 and again at period 5 based on information on actuals compared to last year and year to date, managed down at period 6 to reflect rate negotiations. Also, element of 5% staff reduction allocation reducing underspend on vacancy management across resources in individual teams to show savings as achieved.
Workforce and Improvement	72	(78)	(27)	50	*(22)*	Additional vacancy management
Communications and Engagement	97	669	751	82	*(15)*	Additional vacancy management
Treasury and Pensions	0	109	109	0	*0*	
Directorate Management	1,922	(963)	16	979	*(943)*	Allocation of the 5% staff reduction target across services, resulting in remaining overspend relating to Customer experience saving that is currently not delivered.
Legal and Governance	71	319	552	233	*162*	Movement due to allocation of 5% staff reduction target reducing underspend on vacancy management across resources to individual teams to show savings as achieved. Ongoing budget pressures arising from higher than anticipated activity in both children's and adults social care legal activity and support.
Resources Total	**3,452**	**3,096**	**6,297**	**3,200**	*(252)*	
Corporate Budgets	**726**	**(38,505)**	**(38,960)**	**(455)**	*(1,181)*	Available cash balances have been higher than anticipated, and bank rates have been higher than anticipated, allowing more favourable results for interest receivable. Cash balances have been higher, in part, due to capital spending progressing slower than anticipated.
Health and Wellbeing	Public Health activity is funded from the (£13m) public health grant, with underspends being carried forward and overspends being offset by brought forward surpluses (hence £0 variance forecast). Regulatory services position now in with budget at Q2.					
Public Health	0	388	388	0	*0*	
Regulatory Services	63	2,120	2,118	(2)	*(65)*	Additional vacancy management savings and additional savings through grant funding within the Health and Wellbeing directorate
Health and Wellbeing Total	**63**	**2,508**	**2,506**	**(2)**	*(65)*	
Strategic Management Board						
Chief Executive and PAs	14	135	118	(17)	*(31)*	Additional vacancy management
Programme Management	0	30	30	0	*0*	NA

Directorate / Service	Forecast Outturn Variance at Q1	Budget at Q2	Forecast Outturn at Q2	Forecast Variance at Q2	*Movement from Q1 to Q2*	Reasons for Movement
	£'000	£'000	£'000	£'000	*£'000*	
Strategic Management Board Total	**14**	**165**	**148**	**(17)**	*(31)*	**NA**
Council Total	**37,590**	**255,913**	**288,306**	**32,393**	*(5,197)*	

APPENDIX 1B

DETAIL BY SERVICE AREA

Directorate	Revised Budget £	Forecast Outturn £	Variance £
People	207,766,670	233,143,206	25,376,536
Place	80,882,260	85,171,525	4,289,265
Health and Wellbeing	2,508,720	2,506,473	(2,247)
Resources	3,095,540	6,296,716	3,201,176
Strategic Management Board	165,310	148,068	(17,242)
Corporate Budgets	(38,504,850)	(38,959,669)	(454,819)
Total	255,913,650	288,306,319	32,392,669

PEOPLE	Full Year Budget £	Full Year Forecast £	Full Year Variance £	RAGY
Total	207,766,670	233,143,206	25,376,536	R

		Budget £	Forecast £	Variance £	RAGY
People Directorate Management	**Portfolio Holder Adult Social Care, Public Health and Communities**	552,920	2,955,704	2,402,784	R
The £2.403m forecast overspend relates to unachieved savings targets that have been applied organisation wide notably. £2.278m reduction in staffing					
Adult Social Care Business Support and Development	**Portfolio Holder Adult Social Care, Public Health and Communities**	4,456,060	4,063,102	(392,958)	Y
(£0.392m) forecast underspend within Adult Social Care Business Support team largely due to the following: •(£0.126m) forecast staffing underspend due to vacancy management in line with the savings plan. •(£0.251m) short term funding to support the Transformation work.					
Adult Social Care Management	**Portfolio Holder Adult Social Care, Public Health and Communities**	1,219,280	842,253	(377,027)	Y
(£0.377m) forecast underspend within Adult Social Care Management breakdown as follows: •(£0.095m) forecast staffing underspend. All posts are now recruited to so the underspend relates to when the posts were vacant in April/May 2023. •(£0.305m) short term funding to support the Transformation work.					
Adult Social Care Provider Services	**Portfolio Holder Adult Social Care, Public Health and Communities**	4,551,750	4,940,893	389,143	R
Overall Provider Services have a forecast overspend of £0.389m largely due to the £0.377m forecast overspend in START. We have supported capacity within the team and improved recruitment and retention. Although showing as an overspend in this area the impact will reduce the use on more costly services to deliver care and support better outcomes for Shropshire residents.					

Adult Social Care Operations	**Portfolio Holder Adult Social Care, Public Health and Communities**	119,646,230	129,727,630	10,081,400	R

The overall forecast overspend across Adult Social Care Operations is £10.081m. The purchasing only element of this overspend is £9.774m. The remaining pressure is £0.307m. Breakdown as follows:

Purchasing Only +£9.774m:
•+£11.974m spot purchasing projected overspend. This pressure is split across base budget, where numbers of service users and cost of placements are higher than anticipated at budget setting, however we have seen an overall reduction from the 1st April. Continued achievement of savings in this area will reduce numbers and costs improving the overall position. We have seen an increase in nursing care, highlighting a complexity in people's needs from the community and through the hospital discharge pathways. We have also seen more packages of care commissioned within peoples' homes, resulting positively on reduced waiting lists however costs have increased due to improved wait times. Work is on-going with the market to manage the increased costs of care. Finally, we have seen further pressures due to the continued need to support hospital discharges and short-term care provision which has resulted in higher costs. One-off Grant funding has been applied to offset some of these pressures and the Reablement Transformation is in progress with system engagement.

•+£3.092m overspend on new and increased supported living packages. This overspend also includes a targeted £1.000m savings target and is driven by the level of complexity of service users' needs. Work is underway to remodel the service to better meet those needs.

•(£3.300m) anticipated over achievement of client contributions to care costs. As per the pressure on expenditure, due to greater number of individuals being supported than budgeted for, we are showing an increase income.

•(£1.992m) over achievement of forecasted Continuing Healthcare joint funded packages costs due to improved joint working with system partners.

Children's Social Care and Safeguarding	**Portfolio Holder Children and Education**	51,364,220	64,462,622	13,098,402	R

The budget pressure in Children's Services is fundamentally driven by activity being significantly higher than was anticipated when the budget was prepared. The service is adopting a number of strategies to address the current budget pressures, particularly around residential placements e.g Stepping Stones Project and increasing internal foster care capacity. There is acknowledgement that demand has increased significantly over the last few years so there is emphasis on preventing demand into the social care system early through family support. This is being progressed through the "Best Start in Life", "Integration" and "Early Help Transformation" projects.

• £8.241m overspend on residential and fostering placement costs, with the external residential placements forecast budget pressure currently forecast to be £6.431m reflecting 57 external residential spot/framework placements as at the end of September. The sharp increase in in the number of residential spot/framework placements in 2022/23 means that the number of children in this type of placement far exceeds the budgeted number in 2023/24. Although the increase in external residential spot/framework placements did stabilise in quarter 1, the service experienced an increase of 14 new external residential spot/framework placements which included 2 large sibling groups.

• £1.093m overspend relating to other costs such as transport recharges and taxi costs (£0.462m), childcare payments, parenting assessments and interpreting fees. These costs have increased in line with the increase in demand.

• £1.624m overspend on staffing due to agency social workers covering staff vacancies, sickness leave and maternity leave (recruitment and retention in children's social work staffing is a nationally recognised issue). This figure includes a £0.332m budget pressure from an additional capacity Social Work Team/Court Team that was brought in temporarily to cope with increased demand. The forecast also includes an assumed £0.867m of posts to be capitalised as working on transformational projects.

• £0.558m overspend in the Disabled Children's Team (excluding staffing). £0.322m of this overspend relates to bespoke, short term care packages of prevention and support for disabled children and £0.240m relates to direct payments for disabled children. There has been a significant increase in demand, evidenced by a 300% increase in referrals. As well as an increase in the numbers of children requiring support, there has been an increase in the number of support hours per child, which indicates an increase in complexity.

• £0.521m overspend relates to PLO Support Packages budget where demand for expenditure relating to court-ordered items such as legal costs and medical assessments has increased.

• £0.398m overspend in the Leaving Care Team (excluding staffing). £0.322m of this overspend relates to accommodation costs for care leavers and allowances paid to care leavers, reflecting an increase in the number of children staying in relatively high cost supported accommodation placements beyond their 18th birthday. The remaining £0.076m relates to discretionary Council Tax relief for care leavers.
• £0.287m overspend in Adoption Services. £0.136m relates to Adoption Allowances, where there has been a significant increase in 2022/23 and 2023/24. £0.146m overspend is forecast against the budget for intra agency adoption placements reflecting the trend across the region of more children being placed with voluntary adoption agencies.

• £0.270m relates to the "Target Operating Model - Getting Leadership Right" savings target. The service are currently using "one-off" savings in other areas to achieve this savings target, however further work is required to determine how to achieve this savings target on an ongoing basis.

Children's Early Help, Partnerships and Commissioning	**Portfolio Holder Children and Education**	3,629,480	3,506,084	(123,396)	Y
The majority of the underspend (£0.119m) is due to delays in recruiting staff to vacancies within the Early Help Family Hubs. The remaining underspend relates to premises related costs such as rates and building rental charges and other supplies and services					
Learning and Skills	**Portfolio Holder Children and Education**	22,346,730	22,643,504	296,774	A
£0.349m of overspend at Q2 relates to the Home to School Transport budget. The overspends mostly relate to a larger number of routes/journeys paid for, particularly in the SEND Transport budget areas. This trend continues the budget pressures experienced in 2022/23. The service are confident that the changes put in place regarding alternative provision transport will deliver the £0.202m cost reduction in this financial year and contribute to the £0.100m cost reduction on wider SEND Transport.					

PLACE	**Full Year**			**RAGY**
	Budget £	**Forecast £**	**Variance £**	
Total	**80,882,260**	**85,184,742**	**4,302,482**	R

Director of Place	**Portfolio Holder Housing and Assets**	(776,760)	615,093	1,391,853	R
Projected overspend of £1.515m relating to undelivered TOM staffing budget turnover and wastage increase by 5% (year-end review) savings. Increased by £0.159m due to the transfer of Housing savings target in P6. Some of this may be achievable in year by higher than 3% vacancy factor. -£0.130m saving anticipated from supplies and services budgets across the Place Directorate.					
Assistant Director Commercial Services	**Portfolio Holder Housing and Assets**	62,960	176,659	113,699	R
Projected overspend of £0.111m relating to undelivered Getting Leadership Right savings, work is being done to plan for these savings.					
Corporate Landlord, Property and Development	**Portfolio Holder Housing and Assets**	3,303,460	3,312,646	9,186	G
Reserves are being used to offset an unachievable savings target associated with generating income from the Guildhall. There is also a pressure created from movement of tenants in three operational buildings being Shirehall, Ptarmigan and Mount McKinley, work is being done in year to fill these vacancies and income shortfall is being offset by in-year savings. There is also a current in year pressure at Bishops Castle Business Park (£0.205m) due to low tenancy levels, this is being offset with one-off in-year savings. A further risk to Corporate Landlord is that a large tenant is currently in administration, projections for rental income are currently being assumed as paid in full for 6 months of 23/24 however there is a further risk amounting to £0.130m for Corporate Landlord if these invoices raised are not paid.					
Commercial Services Business Development	**Portfolio Holder Housing and Assets**	101,650	134,846	33,196	G
There is a current projected income shortfall against Business Development schemes due to the Business Development Officer spending significant amounts of time supporting transformation programme work in the People directorate to deliver savings in their service areas.					

Climate Change	**Deputy Leader and Portfolio Holder Climate Change, Environment and Transport**	8,950	8,926	(24)	Y
There is a £0.411m savings target from a previous MTFS that has been assigned to the Climate Change budget to be delivered via carbon reduction projects. A paper went to council in September 2023 to approve a carbon reduction project which will contribute to this saving however this will not be achieved until future years. A draw on reserves is being used to cover this for 23/24. Delays in the delivery of the Maesbury Solar Farm project results in a further £0.125m unachieved saving, this is being offset by underspends within the climate change team for 23/24.					
Shire Services	**Portfolio Holder Housing and Assets**	1,667,130	1,713,420	46,290	G
The Catering service is currently projecting an overspend of £0.011m and cleaning an overspend of £0.035m. A staffing restructure across the service has been implemented but full year benefits will not be achieved until 2024-25.					
Assistant Director Economy & Place	**Portfolio Holder Growth and Regeneration**	175,730	304,241	128,511	R
Projected overspend of £0.103m relating to undelivered Getting Leadership Right savings, work is being done in year to plan for these savings and cost of office alterations in Darwin Centre.					
Planning Services	**Portfolio Holder Planning and Regulatory Services**	1,183,730	1,733,871	550,141	R
A reduction in the forecast income for planning applications and land charges (search) income. The number of major Planning Applications submitted in 2023/24 is lower than that of 2022/23, this is a trend seen by other Local Authorities. 46 major planning applications received up to the end of quarter 2 in 2023-24 compared to 66 received in the same period of 2022-23.					
Economic Growth	**Portfolio Holder Growth and Regeneration**	1,435,520	1,373,988	(61,532)	Y
Projected underspend relates to savings on vacancy management and grant income					
Broadband	**Portfolio Holder Culture and Digital**	189,760	148,403	(41,357)	Y
Staffing savings resulting from a reduction in hours.					
Policy and Environment	**Portfolio Holder Planning and Regulatory Services**	2,147,380	2,129,662	(17,718)	Y
Projected underspend relates to savings on vacancy management.					
Shrewsbury Shopping Centres (Commercial)	**Portfolio Holder Growth and Regeneration**	(234,570)	(219,381)	15,189	G
Minor variance from budget as at Period 6.					
Shrewsbury Shopping Centres (Development)	**Portfolio Holder Growth and Regeneration**	393,970	346,375	(47,595)	Y
Minor variance from budget as at Period 6.					
Assistant Director Homes and Communities	**Portfolio Holder Housing and Assets**	(156,410)	(7,830)	148,580	R
Projected overspend of £0.175m relating to undelivered GLR savings, work is being done to plan for these savings offset by other small variances.					
Housing Development and HRA	**Portfolio Holder Housing and Assets**	109,890	80,884	(29,006)	Y
Minor variance from budget as at Period 6.					
Housing Services	**Portfolio Holder Housing and Assets**	4,303,350	4,701,506	398,156	R

Housing Services have worked hard to reduce the numbers in B&B currently 101, as well as driving down accommodation costs for each placement. Current pressure on B&B and Temporary accommodation, including staffing teams is projected to be £0.361m. This work is ongoing alongside a number of temporary accommodation projects in the pipeline. Further to this, costs have been reduced for a range of support services, and a restructure is now planned to deliver staffing efficiencies. Current Assistive Equipment and Technology is projected to overspend by £0.201m in year, currently being offset by various other smaller overspends in Housing.					
Bereavement Services	**Portfolio Holder Planning and Regulatory Services**	(233,800)	(235,145)	(1,345)	Y
Minor variance from budget as at Period 6.					
Registrars and Coroners	**Portfolio Holder Planning and Regulatory Services**	679,530	620,678	(58,852)	Y
There is a projected underspend of £0.059m at Period 6 for Registrars and Coroners. The projected overspend on Shropshire Coroners of £0.043m will be offset against an underspend on Registrars of 0.102m due to increased projected income.					
Business and Consumer Protection	**Portfolio Holder Planning and Regulatory Services**	2,344,530	2,196,297	(148,233)	Y
There is a projected underspend of £0.148m at Period 6 for Business and Consumer Protection, this is due to current vacancies that are being addressed.					
Head of Culture, Leisure & Tourism	**Portfolio Holder Culture and Digital**	730,420	488,223	(242,197)	Y
There is a projected underspend of £0.242m at Period 6 for Head of Culture, Leisure & Tourism, this is due to the CLT restructure and the delay in recruitment to current vacancies in order to offset overspends in other CLT areas.					
Culture, Leisure & Tourism Development	**Portfolio Holder Culture and Digital**	25,160	15,670	(9,490)	Y
Minor variance from budget as at Period 6.					
Shropshire Hills AONB	**Portfolio Holder Culture and Digital**	82,200	82,200	(0)	Y
No variance from budget as at Period 6.					
Outdoor Partnerships	**Portfolio Holder Culture and Digital**	1,374,870	1,424,402	49,532	G
Minor variance from budget as at Period 6.					
Leisure	**Portfolio Holder Culture and Digital**	2,290,930	2,802,227	511,297	R
The projected overspend in Leisure mainly covers three areas: Budget allocation not covering required running costs of Council managed facilities (£0.123m) CLT are monitoring this and it is improving post COVID - We are looking at future management arrangements for all SC managed leisure centres, increased energy costs of SCLT contract (£0.072m) and income compensation whilst the main pool at The Quarry remains closed (£0.244m), plus other repairs and maintenance issues. CLT Services will address these pressures through delaying recruitment of key staff in the new structure, year one savings from closure of Acton Scott Historic Working Farm, identified reserves, overperformance of income on Theatre Services and exploring opportunities to apply grant funding. Leisure visits in Period 1-6 of 2023-24 are up 1% compared to the same period last financial year (528,879 compared to 524,038) across Shropshire.					
Libraries	**Portfolio Holder Culture and Digital**	3,582,670	3,589,692	7,022	G
Minor variance from budget as at Period 6. Library visits in Period 1-6 of 2023-24 are up 12% compared to the same period last financial year (341,036 compared to 303,949) across Shropshire. Library events attendance in Period 1-6 of 2023-24 are up 71% compared to the same period last financial year (38,258 compared to 22,409) across Shropshire.					
Museums and Archives	**Portfolio Holder Culture and Digital**	1,342,190	1,215,557	(126,633)	Y
There is a projected underspend of £0.127m at Period 6 for Museums & Archives. This is due to a saving against Acton Scott for the repayment of an invest to save loan not required until next year (£0.139m), additional income projections from activities & grants of (£0.032m) offset by reduced projected income for Museum Learning of £0.045m.					
Theatre Services	**Portfolio Holder Culture and Digital**	407,620	351,704	(55,916)	Y
Overall services forecast to generate additional (net) income.					

Assistant Director Highways and Transport	**Portfolio Holder Highways and Infrastructure**	128,060	302,660	174,600	R
Projected overspend of £0.175m relating to undelivered Getting Leadership Right savings, work is being done to plan for these savings					
Environment and Transport	**Deputy Leader and Portfolio Holder Climate Change, Environment and Transport**	2,148,250	2,177,080	28,830	G
Continued High Street Pedestrianisation measures, offset by grant and savings					
Highways	**Portfolio Holder Highways and Infrastructure**	18,200,810	17,562,973	(637,837)	Y
Use of transport grants and release of transport provision (no-longer required).					
Waste Management	**Deputy Leader and Portfolio Holder Climate Change, Environment and Transport**	33,863,080	36,037,217	2,174,137	R
Includes £4.125m outstanding Waste PFI saving, some of which is expected to be found in-year, delivery plans are in place as well as looking at the remainder of the saving to be achieved in future years.					

HEALTH AND WELLBEING	**Full Year**			**RAGY**
	Budget £	**Forecast £**	**Variance £**	
Total	**2,508,720**	**2,506,473**	**(2,247)**	Y

Regulatory Services	**Portfolio Holder Highways and Regulatory Services**	2,120,740	2,118,493	(2,247)	Y
Minor variance at Q2. The remaining outstanding MTFS saving of £0.098m have been met by one off in year savings.					
Ring Fenced Public Health Services	**Portfolio Holder Adult Social Care, Public Health and Communities**	387,980	387,980	0	Y
The directorate held £4.215m as ring fenced Public Health reserve at 1 April 23 and plans to use £1.510m of this in the year, the directorate has clear plans for the use of the balance of this reserve over the subsequent three years. The directorate also utlised specific grant funding of £1.669m to enhance its public health activities. The use of reserves and additional grants means that this areas activities are 124% of the annual Public Health Grant.					

RESOURCES	**Full Year**			**RAGY**
	Budget £	**Forecast £**	**Variance £**	
Total	**3,095,540**	**6,296,716**	**3,201,176**	R

Resources Management Team	**Portfolio Holder Finance and Corporate Resources**	(963,430)	15,892	979,322	R
Currently there are expected to be unachieved savings targets of £0.979m, plans to make these savings achievable are currently being investigated.					
Policy and Governance	**Portfolio Holder Finance and Corporate Resources**	(80,090)	2,811	82,901	A
There are unachieved savings targets relating to service redesign.					

Automation and Technology	**Portfolio Holder Culture and Digital**	80,110	25,747	(54,363)	Y
Savings are forecast in year from a combination of contract management, efficiencies across supplies and services, and vacancy management.					
Finance	**Portfolio Holder Finance and Corporate Resources**	2,447,280	3,131,055	683,775	R
There are unachieved savings targets relating to efficiency reviews and Getting Leadership Right targets, these are partly offset by savings efficiencies across supplies and services, and vacancy management.					
Housing Benefits	**Portfolio Holder Finance and Corporate Resources**	512,130	1,739,130	1,227,000	R
Currently there are unachieved savings targets of £1.000m this is from a reduction in housing benefit subsidy loss from accommodating people in B&B accommodation to prevent homelessness, currently this saving is undeliverable, however solutions are being investigated as to how this can be moved forwards by housing.					
Business Improvement: Data, Analysis and Intelligence	**Portfolio Holder Culture and Digital**	65,670	37,633	(28,037)	Y
In year savings of (£0.028m) are expected from vacancy management on a one-off basis.					
Human Resources and Organisational Development	**Portfolio Holder Finance and Corporate Resources**	(143,540)	(65,107)	78,433	A
Currently there are expected to be unachieved savings targets of £0.117m regarding Getting Leadership Right targets yet to have delivery confirmed, plans to make these savings achievable are currently being investigated. There are also SLA income pressures identified within the service of £0.153m these have been partly offset by savings from planned vacancy management and anticipated additional income generated within Health and Safety on a one-off basis.					
Risk Management	**Portfolio Holder Finance and Corporate Resources**	240	(360)	(600)	Y
Minor variance from budget as at Period 6.					
Scrutiny	**Portfolio Holder Finance and Corporate Resources**	79,250	105,747	26,497	G
The staff turnover target of 3% will not be delivered in year within the Scrutiny team, this is however offset by vacancy management savings across the Resources directorate.					
Commissioning Development and Procurement	**Portfolio Holder Finance and Corporate Resources**	(221,360)	(230,355)	(8,995)	Y
Minor variance from budget as at Period 6.					
Legal Services	**Portfolio Holder Finance and Corporate Resources**	(240,920)	(48,610)	192,310	R
Unexpected turnover within Legal Services generating additional vacancy savings, has been offset by the requirement to cover posts via more expensive agency, and locum costs especially in relation to covering legal child care. There are also unachieved savings targets relating to Getting Leadership Right targets, legal disbursement reductions and service redesign.					
Democratic Services	**Portfolio Holder Finance and Corporate Resources**	196,960	157,095	(39,865)	Y
There are expected to be savings from across members services in relation to supplies and services.					
Elections	**Portfolio Holder Finance and Corporate Resources**	584,820	565,625	(19,195)	Y
Minor variance from budget as at Period 6.					
Pensions	**Portfolio Holder Finance and Corporate Resources**	109,060	109,429	369	G

Minor variance from budget as at Period 6.					
Communications & Engagement	**Leader and Portfolio Holder Policy and Strategy, Improvement and Communications**	669,360	750,984	81,624	A
The savings around reducing the opening hours of Customer Service Centre have been delivered on a one-off basis in year, however there are unachieved savings of £0.123m in relation to securing CCTV partner funding, and Getting Leadership Right targets yet to have delivery confirmed, offset in part by turnover within service area.					

STRATEGIC MANAGEMENT BOARD	**Full Year**			**RAGY**
	Budget £	**Forecast £**	**Variance £**	
Total	**165,310**	**148,068**	**(17,242)**	Y

Chief Executive & PAs	**Leader and Portfolio Holder Policy and Strategy, Improvement and Communications**	135,030	117,788	(17,242)	Y
Minor variance from budget as at Period 6.					
Programme Management	**Leader and Portfolio Holder Policy and Strategy, Improvement and Communications**	30,280	30,280	0	G
No variance from budget as at Period 6.					

CORPORATE BUDGETS	**Full Year**			**RAGY**
	Budget £	**Forecast £**	**Variance £**	
Total	**(38,504,850)**	**(38,959,669)**	**(454,819)**	Y

Corporate Budgets	**Portfolio Holder Finance and Corporate Resources**	(38,504,850)	(38,959,669)	(454,819)	Y
Assumed £2.050m of Organisation Wide TOM savings are unachieved, and £0.214m unachieved PFI savings, in year pressure from external audit fees of £0.037m. These are offset by combined savings of (£0.097m) against non-distributable costs and corporate subscriptions, (£1.512m) from interest receivable and payable, these estimates are based on current forecasts around the Bank of England base rates and the value of investment balances, 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. There are also savings in year from MRP one off savings of (£0.592m), and (£0.572m) capital receipts set aside saving (one-off) for 23/24.					

APPENDIX 1C

2022/23 PROJECTED REVENUE OUTTURN BY PORTFOLIO HOLDER

Portfolio Holder	Revised Budget* £'000	Forecast Outturn £'000	Variance £'000
Portfolio Holder Adult Social Care, Public Health and Communities	130,814	142,918	12,103
Portfolio Holder Children and Education	77,340	90,614	13,273
Deputy Leader and Portfolio Holder Climate Change, Environment and Transport	36,020	38,223	2,203
Portfolio Holder Finance and Corporate Resources	(36,224)	(33,477)	2,747
Portfolio Holder Housing and Assets	8,615	10,714	2,099
Portfolio Holder Planning and Regulatory Services	8,242	8,564	322
Portfolio Holder Highways and Infrastructure	18,329	17,866	463
Portfolio Holder Growth and Regeneration	1,771	1,805	35
Portfolio Holder Culture and Digital	10,172	10,181	10
Leader and Portfolio Holder Policy and Strategy, Improvement and Communications	835	899	64
Total	**255,914**	**288,307**	**32,393**

APPENDIX 2

2023/24 INCOME PROJECTIONS

Specific Government Grants

The revenue budget for 2023/24 includes specific Government Grants of £266.430m. 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
People				
	Dedicated Schools Grant	(110,186)	(110,186)	0
	Pupil Premium Grant	(7,186)	(7,186)	0
	Asylum Seekers	(2,042)	(2,887)	(845)
	Improved Better Care Fund	(1,967)	(1,967)	0
	Adult Social Care Discharge Fund	(1,663)	(3,783)	(2,120)
	Other Grants**	(5,673)	(5,218)	455
Total People Grants		**(128,717)**	**(131,227)**	**(2,510)**
Place				
	Waste - PFI	(3,186)	(3,186)	0
	Homes for Ukraine	(1,376)	(2,459)	(1,083)
	Other Grants	(3,704)	(6,648)	(2,944)
Total Place Grants		**(8,266)**	**(12,293)**	**(4,027)**
Health and Wellbeing				
	Public Health Grant	(13,192)	(13,192)	0
	Other Grants	(216)	(1,810)	(1,594)
Total Health and Wellbeing Grants		**(13,408)**	**(15,002)**	**(1,594)**
Resources				
	Mandatory Rent Allowances: Subsidy	(38,000)	(37,648)	352
	Rent Rebates: Subsidy	(7,902)	(7,902)	0
	Other Grants	(815)	(926)	(111)
Total Resources Grants		**(46,717)**	**(46,476)**	**241**
Strategic Management Board		**0**	**0**	**0**
Corporate Budgets				
	Social Care Support Grant	(21,547)	(21,547)	0
	Business Rate Retention Scheme – s31 Grants	(21,521)	(21,521)	0
	Improved Better Care Fund	(9,896)	(9,896)	0
	Rural Service Delivery Grant	(7,757)	(7,757)	0
	Market Sustainability and Fair Cost Fund	(3.264)	(3,264)	0
	Core Spending Power Services Grant	(2,066)	(2,066)	0
	New Homes Bonus	(1,748)	(1,748)	0
	Other Grants	(1,523)	(1,523)	0
Total Corporate Budgets		**(69,322)**	**(69,322)**	**0**
TOTAL		**(266,430)**	**(274,320)**	**(7,890)**

Income from Fees and Charges

The forecast income from discretionary sales, fees and charges is showing a projected shortfall, mainly relating to trading and rental income within Commercial Services, and parking income within Highways and Transport. This has been partially offset by additional income within Learning and Skills, particularly in relation to Home to School transport. Further work will be undertaken within the services with an income shortfall 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
People			
Directorate Management	0	0	0
Adult Social Care Management	0	0	0
Adult Social Care Business Support & Development	(2,531)	(2,661)	(130)
Adult Social Care Provider Services	(224)	(202)	21
Adult Social Care Operations	(39)	(1)	38
Children's Social Care and Safeguarding	0	0	0
Children's Early Help, Partnerships and Commissioning	0	(3)	(3)
Learning and Skills	(1,477)	(2,190)	(712)
People Total	**(4,271)**	**(5,057)**	**(786)**
Place			
Directorate Management	0	0	0
Commercial Services	(13,156)	(12,357)	799
Economy and Place	(3,977)	(3,944)	33
Homes and Communities	(9,888)	(10,575)	(686)
Highways and Transport	(9,507)	(8,459)	1,047
Place Total	**(36,528)**	**(35,335)**	**1,193**
Health and Wellbeing			
Directorate Management	0	0	0
Public Health - Non Ringfenced	(120)	(66)	54
Public Health - Ringfenced	(930)	(1,008)	(78)
Health and Wellbeing Total	**(1,050)**	**(1,074)**	**(24)**
Resources			
Directorate Management	0	0	0
Workforce and Improvement	(559)	(433)	126
Finance and Technology	(1,672)	(1,639)	33
Legal and Governance	(116)	(137)	(21)
Communications and Engagement	(170)	(91)	79
Pensions	(21)	(7)	14
Resources Total	**(2,538)**	**(2,308)**	**231**
Strategic Management Board	**0**	**0**	**0**
Corporate Budgets	**0**	**0**	**0**
TOTAL	**(44,388)**	**(43,774)**	**614**

APPENDIX 3

DELIVERY OF 2023/24 SAVINGS PROPOSALS

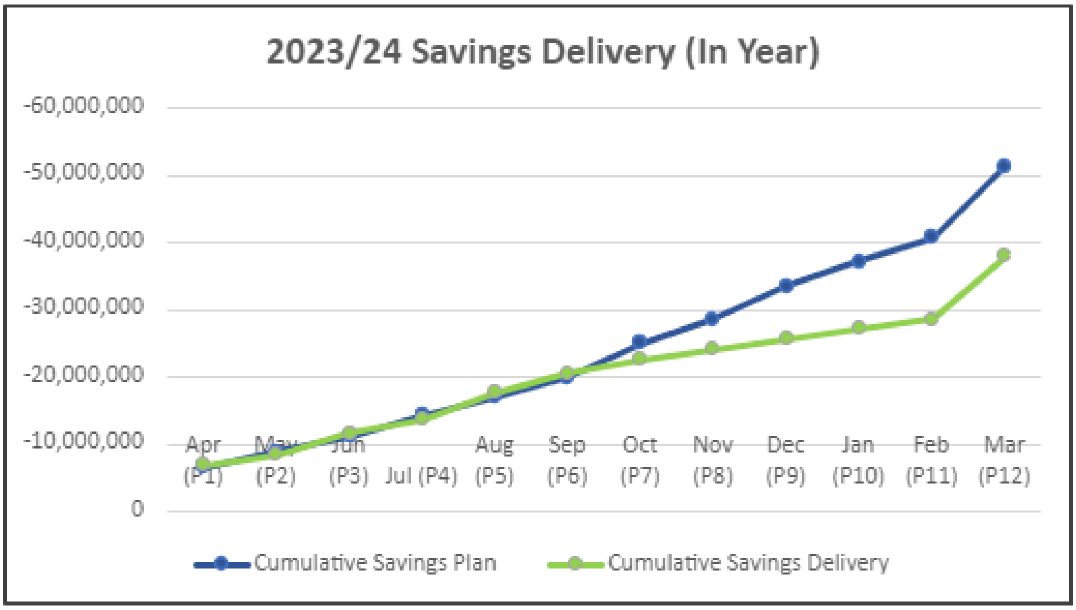
2.1 Summary

The savings projections for 2023/24 are being tracked monthly with savings delivery being mapped against projected delivery during the course of the year.

The table below summarises the position as at 30th September 2023. Delivered savings are those that are forecasted to be delivered by the end of the financial year.

Directorate	Delivered (£'000)	Savings Still to be Delivered (£'000)	Total (£'000)
People	(17,755)	(3,550)	(21,304)
Place	(12,331)	(4,610)	(16,942)
Health and Wellbeing	(653)	(0)	(653)
Resources	(3,070)	(2,957)	(6,027)
Corporate Budgets	(4,200)	(2,264)	(6,464)
Total Savings	**(38,009)**	**(13,381)**	**(51,390)**

The graph below plots the cumulative savings plan and cumulative savings delivery over the Financial Year.



As per MTFS - 2 March 2023

		2023/24 DELIVERY @ Q2				
Savings Reference	**Description of Saving**	Green - Achieved	Green - Will be achieved	Amber	Red	Total
POL05	Installation of battery units at Shirehall and Theatre Severn to store electricity generated from rooftop photovoltaic cell installations, to support reduced local energy use from the Grid and more locally generated energy, and to replace 'selling back' energy to the Grid.	0	-75,000	0	0	-75,000
POL06	Reduce small grant funding to local groups	-25,000	0	0	0	-25,000
POL07	Review of collection charges for bulky waste	-15,000	0	0	0	-15,000
POL08	Savings in the Museum Service	0	0	0	0	0
		0	0	0	0	
TOTAL Policy Choice - Place		**-40,000**	**-75,000**	**0**	**0**	**-115,000**
EFF44	Review PFI contract costs to secure greater efficiency	-958,500	0	-1,200,000	-2,127,740	-4,286,240
EFF101	Target Operating Model - staffing budget turnover and wastage increase by 5% (year-end review).	0	0	0	-1,506,970	-1,506,970
EFF105	Target Operating Model/Workforce Strategy - Getting Leadership Right - cashable benefit of improved organisation-wide performance management	0	0	0	-595,230	-595,230
EFF18	Decreased use of B&B accommodation as temporary accommodation for 2022/23 (including associated costs) in view of current action to reduce or divert demand.	0	0	0	-344,000	-344,000
EFF51	Shopping Centres - Pride Hill and Riverside base budget reduced as not required once the demolition works begin. To be reinstated in 2026-27	-265,450	0	0	0	-265,450
EFF46	Increased charges for car parking including changes to permit schemes and some reduction in concessions.	-728,272	0	-1,271,728	0	-2,000,000
EFF60	Increased income generation by Register Office	0	-60,000	0	0	-60,000
EFF61	Registrars and Estates increased income	0	-25,000	-25,000	0	-50,000
EFF66	Increased income generation within Museums and Archives	-4,165	-5,835	0	0	-10,000
EFF45	Charge staffing costs to capital budgets where possible and appropriate (capital project support or transformation of revenue services).	-94,710	-1,924,600	0	0	-2,019,310
EFF49	Removal of budgets for vacant posts (avg. 3%)	-628,792	-190,058	0	0	-818,850
EFF48	Review application of grant funding.	-976,000	0	0	0	-976,000
EFF50	Fees and charges increased in line with cost inflation.	-231,594	-194,467	0	0	-426,060
EFF55	Revised service structure for Communities, Leisure and Tourism functions.	-105,000	0	0	0	-105,000
EFF17	Review of support contracts	-250,000	-96,620	0	0	-346,620
EFF58	Review of housing costs and attribution to general fund functions versus attribution to Housing Revenue Account.	0	-80,000	0	0	-80,000
EFF09	Removal of budgets for vacant posts (avg. 3%)	-85,461	8,441	0	0	-77,020
EFF28	Increase private sector housing fees	-33,409	-66,591	0	0	-100,000
EFF26	Use external grant funding to support staff costs	-71,824	-64,856	0	0	-136,680
EFF56	Revise Shire Services cleaning contracts to improve efficiency and reduce net costs.	-57,810	-42,190	0	0	-100,000
EFF59	Review of youth centres and other accommodation used for youth activities	-32,830	0	0	-36,470	-69,300
EFF64	Enhanced income through use of Planning Performance Agreements and increased fees	0	-25,000	0	0	-25,000
EFF36	Optimise Occupational Therapy service delivery by ending 'just checking' contract.	-15,000	-15,000	0	0	-30,000
EFF47	Once-only use of adverse weather reserves while other savings plans are put into place.	-1,561,000	0	0	0	-1,561,000
EFF52	Reshape Planning Services to become closer to cost neutral by 2025/26	-200,000	0	0	0	-200,000
EFF24	Review the Independent Living Service to ensure value for money.	-150,000	0	0	0	-150,000
EFF53	Public Health funding to increase health improvement benefits through leisure services.	-140,000	0	0	0	-140,000
EFF54	Repurposing unclaimed developer bonds.	-125,000	0	0	0	-125,000
EFF57	Increased efficiency in drainage maintenance operations	-100,000	0	0	0	-100,000
EFF33	Improve value for money of housing security provision	-74,000	0	0	0	-74,000
EFF62	Recovery of insurance costs (prev. agreed)	-30,000	0	0	0	-30,000
EFF63	Recovery of insurance costs (additional to EFF62)	-30,000	0	0	0	-30,000
EFF65	Enhanced income through the commercial activities in the Natural and Historic Environment Team.	-30,000	0	0	0	-30,000
EFF77	Change to staff charges to CDL/Cornovii (reduced charges to CDL, increased costs to the Council)	40,980	0	0	0	40,980
EFF67	Anticipated overage payments from planned Cornovii/CDL developments.	0	0	0	0	0
EFF68	Increased income generation within Theatre Services	0	0	0	0	0
EFF69	One off use of building control reserve (in line with reserve use guidelines; target applied in 2022/23 budget but removed from 2024/25 onwards, hence negative value)	0	0	0	0	0
EFF70	Increased income generation within Libraries	0	0	0	0	0
EFF71	Self-issue software reducing library costs	0	0	0	0	0
EFF72	Increased income generation within Council-operated Leisure Centres	0	0	0	0	0
EFF73	Cost savings in leisure services	0	0	0	0	0
EFF74	Libraries - Implementation of changes under the Library Transformation Project	0	0	0	0	0
EFF75	Efficiency savings within Highways Operations	0	0	0	0	0
EFF76	Reduce horticultural contract costs.	0	0	0	0	0
TOTAL Efficiency - Place		**-6,937,837**	**-2,781,775**	**-2,496,728**	**-4,610,410**	**-16,826,750**
TOTAL SAVINGS - PLACE		**-6,977,837**	**-2,856,775**	**-2,496,728**	**-4,610,410**	**-16,941,750**

As per MTFS - 2 March 2023		2023/24 DELIVERY @ Q2				
Savings Reference	Description of Saving	Green - Achieved	Green - Will be achieved	Amber	Red	Total
POL01	Review the transport arrangements for SEND education placements to ensure efficient use of resources whilst providing appropriate support.	-100,000	0	0	0	-100,000
POL02	Consult on options to revise the contribution scheme for Post 16 applicants with SEND to ensure efficient use of resources.	0	0	0	0	0
POL03	Review the transport arrangements for placements at the Tuition Medical Behaviour Support Service to ensure efficient use of resources.	-202,000	0	0	0	-202,000
POL04	Consult on options to revise the Post 16 transport assistance scheme to ensure efficient use of resources.	0	0	0	0	0
TOTAL Policy Choice - People		**-302,000**	**0**	**0**	**0**	**-302,000**
			0	0		
EFF101	Target Operating Model - staffing budget turnover and wastage increase by 5% (year-end review).	-1,660,346	0	0	-778,564	-2,438,910
EFF10	Managing predicted growth	0	0	0	0	0
EFF11	Increase numbers of local foster carers to enable reductions in independent foster care costs (local foster carers, engaged by the Council, are less costly than independent foster carers)	-1,000,000	0	0	0	-1,000,000
EFF13	Reduce numbers of childcare placements in long-term residential placements, where appropriate ('Stepping Stones' project, implementing the proven North Yorkshire model of children's social care management).	-1,000,000	0	0	0	-1,000,000
EFF14	Prevent the need for residential care	-127,290	0	0	-704,908	-832,198
EFF105	Target Operating Model/Workforce Strategy - Getting Leadership Right - cashable benefit of improved organisation-wide performance management	-335,400	0	0	-386,820	-722,220
EFF09	Removal of budgets for vacant posts (avg. 3%)	-1,222,930	0	0	-25,050	-1,247,980
EFF21	Review exceptionally high-cost children's residential care placements to identify the optimum care arrangements for each child, reflecting their changing levels of need.	-250,000	0	0	0	-250,000
EFF22	Review care at home model.	-240,437	0	0	0	-240,437
EFF23	Review the Council contribution to maintained school redundancy costs.	-180,000	0	0	0	-180,000
EFF30	Review funding arrangements across Learning and Skills to maximise the use of the Central School Services Block (CSSB) grant funding, in line with Government guidance, to rebalance the Council contribution to the service.	-86,180	0	0	0	-86,180
EFF34	Review service model to deliver wellbeing training and capacity building offer.	-66,610	0	0	0	-66,610
EFF37	Review the 'Enhance' contract	-21,000	0	0	0	-21,000
EFF07	Review care at home model	-650,697	0	0	-2,408,866	-3,059,563
EFF12	Review supported living model	-1,000,000	0	0	0	-1,000,000
EFF20	Reduce transport costs through improved efficiencies	-300,000	0	0	0	-300,000
EFF27	Review of arrangements for personal budgets	-110,000	0	0	0	-110,000
EFF35	Charge for sourcing care to self funders	-18,110	0	0	0	-18,110
EFF40	Contract review for supported living	0	0	0	-7,480	-7,480
EFF06	Expand and enhance reablement model to improve people's outcomes get better and to remain independent.	-4,869,750	0	0	0	-4,869,750
EFF08	Review client contributions in line with national guidance	-1,500,000	0	0	0	-1,500,000
EFF15	Deliver efficiencies across the ISF model	-500,000	0	0	0	-500,000
EFF19	Develop flexible support model to support people to remain at home	-325,000	0	0	0	-325,000
EFF25	Increase joint training opportunities.	-150,000	0	0	0	-150,000
EFF32	Review of Day Services model.	-75,000	0	0	0	-75,000
EFF41	Increase Fees and Charges relating to Day Services	-7,000	0	0	0	-7,000
EFF42	Remove use of external venues	-5,000	0	0	0	-5,000
EFF16	Improving public health to reduce social care costs	-500,000	0	0	0	-500,000
EFF29	Review the 'Enable' services budget	-88,000	0	0	0	-88,000
EFF31	Review grants (non-statutory)	-80,000	0	0	0	-80,000
EFF38	Review of Enable	-12,000	0	0	0	-12,000
EFF39	Review of care packages jointly funded with health services	-1,071,999	0	0	762,000	-310,000
EFF43	Reduce social care demand through family support and early interventions to prevent crisis.	0	0	0	0	0
TOTAL Efficiency - People		**-17,452,749**	**0**	**0**	**-3,549,689**	**-21,002,438**
TOTAL SAVINGS - PEOPLE		**-17,754,749**	**0**	**0**	**-3,549,689**	**-21,304,438**
Additional Spending Reductions Identified to Offset Known Pressures in 2023/24						
EFF06	Expand and enhance reablement model to improve people's outcomes get better and to remain independent.					
EFF07	Review care at home model					
EFF08	Review client contributions in line with national guidance					
EFF09	Removal of budgets for vacant posts (avg. 3%)					
EFF10	Managing predicted growth					
EFF35	Charge for sourcing care to self funders					
EFF39	Review of care packages jointly funded with health services					
TOTAL Efficiency - People		**0**	**0**	**0**	**0**	**0**
TOTAL SAVINGS - PEOPLE		**-17,754,749**	**0**	**0**	**-3,549,689**	**-21,304,438**

As per MTFS - 2 March 2023

2023/24 DELIVERY @ Q2

Savings Reference	Description of Saving	Green - Achieved	Green - Will be achieved	Amber	Red	Total
EFF101	Target Operating Model - staffing budget turnover and wastage increase by 5% (year-end review).	-111,550	0	0	0	-111,550
EFF04	Review future model of pest control delivery	-40,000	0	0	0	-40,000
EFF01	Review application of grant funds	-218,930	0	0	0	-218,930
EFF02	Additional capacity to support transformation programme	-128,960	0	0	0	-128,960
EFF105	Target Operating Model/Workforce Strategy - Getting Leadership Right - cashable benefit of improved organisation-wide performance management	-87,310	0	0	0	-87,310
EFF03	Removal of budgets for vacant posts (avg. 3%)	-61,420	0	0	0	-61,420
EFF05	Reduce the cost by providing the minimum statutory duty for Public Health Funerals.	-5,000	0	0	0	-5,000
TOTAL Efficiency - Health & Wellbeing		-653,170	0	0	0	-653,170

Savings Reference	Description of Saving	Green - Achieved	Green - Will be achieved	Amber	Red	Total
EFF78	Review of customer contact teams across the Council - Channel shifting to promote more streamlined and cost-efficient responses.	-112000	0	0	-1000000	-1,112,000
EFF79	Reduce housing benefit subsidy loss arising from use of expensive bed and breakfast accommodation (reverses budget growth from 2021/22 into 2022/23)	0	0	0	-1000000	-1,000,000
EFF101	Target Operating Model - staffing budget turnover and wastage increase by 5% (year-end review).	-942570	0	0	0	-942,570
EFF105	Target Operating Model/Workforce Strategy - Getting Leadership Right - cashable benefit of improved organisation-wide performance management	-7940	0	0	-587310	-595,250
EFF87	Operating Model - Digital County - Reduce/remove uneconomical Service Delivery	0	0	0	-100000	-100,000
EFF88	Review of single person discount and housing benefit applications against data warehouse to reduce error and fraud.	0	0	0	-100000	-100,000
EFF89	CCTV provision and management - Seek partner funding contributions	0	0	0	-75000	-75,000
EFF82	Legal and Governance restructure to include deletion of some vacant posts and the movement of others into transformation	-164850	0	0	-67000	-231,850
EFF86	Contract rebates and spending reductions	-101500	0	0	-28000	-129,500
EFF97	Additional 100% premium on vacant properties	0	0	0	0	0
EFF98	Additional 100% levy on second homes	0	0	0	0	0
EFF99	Income generation within Audit Services (target level in 2024/25 reduced from previously agreed level)	0	0	0	0	0
EFF81	New Operating Model - Charge staffing costs delivering transformation to capital budgets where possible and appropriate (Workforce and Improvement).	-645222	0	0	0	-645,222
EFF80	Removal of budgets for vacant posts (avg. 3%)	-717730	0	0	0	-717,730
EFF85	Income savings from 22/23 - 26/27 Capital Strategy (ICT Equipment Replacement Fund)	-130000	0	0	0	-130,000
EFF83	New Operating Model - Charge staffing costs to capital budgets where possible and appropriate (Legal and Democratic).	-57330	0	0	0	-57,330
EFF90	Review of ICT contracts to streamline supplier use	-50000	0	0	0	-50,000
EFF91	Full recovery of legal and other recovery costs for unpaid council tax and business rates	-46000	0	0	0	-46,000
EFF92	Review use of Customer Relationship Management system	-25000	0	0	0	-25,000
EFF93	Increase fees and charges in line with cost inflation	-21000	0	0	0	-21,000
EFF84	New Operating Model - Charge staffing costs to capital budgets where possible and appropriate (Finance and IT).	-20740	0	0	0	-20,740
EFF94	Reduce use of printers and copiers (Multi-Functional Devices - MFDs)	-12000	0	0	0	-12,000
EFF95	Complete migration to SharePoint document management and sharing software	-10000	0	0	0	-10,000
EFF96	SMS reminder - Debt recovery (council tax)	-6000	0	0	0	-6,000
						0
TOTAL SAVINGS - RESOURCES		-3,069,882	0	0	-2,957,310	-6,027,192
EFF100	Review PFI contract costs to secure greater efficiency	0	0	0	-213,760	-213,760
EFF103	Target Operating Model - Transformation partner delivers 4 x end-to-end process reviews yielding £0.5m per project.	0	0	0	-2,000,000	-2,000,000
EFF104	Increase interest receivable budgets based on changing bank rates	-1,300,000	0	0	0	-1,300,000
EFF105	Target Operating Model/Workforce Strategy - Getting Leadership Right - cashable benefit of improved organisation-wide performance management	0	0	0	0	0
EFF106	Budget review – treasury investment returns.	-700,000	0	0	0	-700,000
EFF107	Contract Spend Analysis and Contract Management Review	-200,010	0	0	-49,990	-250,000
EFF108	Application of corporate grants	-2,000,000	0	0	0	-2,000,000
TOTAL SAVINGS - CORPORATE		-4,200,010	0	0	-2,263,750	-6,463,760

APPENDIX 4

RECONCILIATION OF MONITORING PROJECTIONS TO SAVINGS DELIVERY

Directorate / Service	Q2Forecast	Savings Pressure in 2023/24	Ongoing Pressures Identified	Additional Ongoing Savings Identified	One Off Pressures Identified	One off Savings Identified
	£'000	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
People						
Directorate Management	2,403	2,406	0	0	0	(3)
Adult Social Care	9,701	875	11,068	0	5,413	(7,656)
Children's Social Care and Safeguarding	13,100	270	8,356	0	7,461	(2,988)
Children's Early Help, Partnerships and Commissioning	(123)	0	0	0	60	(184)
Learning and Skills	296	0	0	0	425	(129)
People Total	**25,377**	**3,550**	**19,425**	**0**	**13,360**	**(10,959)**
Place						
Directorate Management	1,329	1,515	0	0	7	(130)
Commercial Services	2,363	2,275	0	0	1,305	(1,217)
Economy and Place	554	103	0	0	820	(399)
Homes and Communities	443	542	642	0	811	(1,551)
Highways and Transport	(463)	175	0	0	29	(638)
Place Total	**4,289**	**4,610**	**642**	**0**	**2,972**	**(3,935)**
Health and Wellbeing						
Public Health	0	0	0	0	378	(380)
Regulatory Services	(2)	0	0	0	3,186	(3,186)
Health and Wellbeing Total	**(2)**	**0**	**0**	**0**	**3,564**	**(3,566)**
Resources						
Directorate Management	979	980	0	0	0	(1)
Workforce and Improvement	50	117	5	0	157	(229)
Finance and Technology	1,856	1,579	352	0	261	(335)
Legal and Governance	233	158	0	0	474	(400)

Treasury and Pensions	0	0	0	0	0	0
Communications and Engagement	82	123	0	0	61	(102)
Resources Total	**3,201**	**2,957**	**357**	**0**	**953**	**(1,067)**
Strategic Management Board						
Chief Executive and PAs	(17)	0	0	0	0	(17)
Programme Management	0	0	0	0	0	0
Strategic Management Board Total	**(17)**	**0**	**0**	**0**	**0**	**(17)**
Corporate Budgets	**(455)**	**2,264**	**0**	**0**	**54**	**(2,773)**
TOTAL	**32,393**	**13,382**	**20,423**	**0**	**20,903**	**(22,317)**

APPENDIX 5

AMENDMENTS TO ORIGINAL BUDGET 2023/24

£'000	Total	People	Place	Health & Wellbeing	Resources	Strategic Management Board	Corporate
Original Budget as Agreed by Council	**255,914**	**215,106**	**78,460**	**2,707**	**4,577**	**55**	**(44,991)**
Quarter 1 Virements and Structure Changes	0	(3,417)	(1,847)	(199)	(1,269)	105	6,627
Quarter 2							
Structure Changes:	0	0	0	0	0	0	0
Virements:							
Staffing adjustments	0	(3)	3				
Subscription movement	0		(5)			5	
Correction for removal of SCP 1 and salary changes at April 2023	0	75	48		16		(139)
Staffing movements in relation to Procurement/Commissioning Team	0	226			(226)		
Staffing adjustments	0	2			(2)		
Organisational wide savings in relation to Housing Services	0	150	(150)				
Quarter 2 Revised Budget	255,914	212,139	76,509	2,508	3,096	165	(38,503)

APPENDIX 6

RESERVES 2023/24

General Fund

The General Fund reserve at 31st March 2023 stood at £7.093m, significantly below its optimum desired balance.

The 2023/24 budget strategy included a contribution of £19.868m to the General Fund balance which would then reach £26.961m, which is a safer level given the current profile of financial risks.

It is anticipated that one off resources will be identified to offset pressures in year while longer term sustainable demand management plans are in place. This will include the review and release of earmarked reserves and a review of grant balances received to try to utilise funds to offset the one off pressures within Social Care. Without the use of these one off funds, and continued action to deliver the savings programme, the General Fund would be totally depleted.

It is essential that the Council maintains the General Fund Balance as assumed within the Medium term Financial Strategy, otherwise it would limit the ability of the council to mitigate any further unforeseen shocks such as ongoing inflationary increases, climate events such as flooding and drought, or rapid reductions in available resources due to changed national policy.

Independent advice is that General Fund un-earmarked reserves should equate to 5%-10% of next spending.

General Fund	£'000
Balance as at 1st April	7,093
Budgeted Contribution	19,868
Budgeted Balance before impact of in-year monitoring position	**26,961**

Earmarked Reserves

The Council held balances of £42.092m (excluding School Balances) in Earmarked Reserves as at 1st April 2023. There are a number of transactions 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. It is also anticipated that the remaining balance of £33.327m will be reviewed with a view to releasing funds to offset known pressures arising (primarily in Social Care) if demand management plans can not be realised within the year.

Earmarked Reserves	**1st April 2023 £'000**	**Forecast Net Contribution to/from Reserve £'000**	**31st March 2024 £'000**
Sums set aside for major schemes, such as capital developments, or to fund major reorganisations	14,747	(2,441)	12,306
Insurance reserves	3,636	(495)	3,141
Reserves of trading and business units	0	0	0
Reserves retained for service departmental use	21,583	(5,625)	15,958
Reserves held for schools	2,126	(204)	1,921
Total	**42,092**	**(8,765)**	**33,327**

APPENDIX 7

PROJECTED CAPITAL PROGRAMME OUTTURN 2023/24 – 2025/26

The capital budget for 2023/24 is continuously being monitored and changed to reflect the nature of capital projects which can be profiled for delivery over several years. In Quarter 2 there has been a net budget decrease of £17.484m for 2023/24, compared to position reported at Quarter 1 2023-24. The tables below summarise the overall movement, between that already approved and changes for Quarter 2.

Shropshire Council - Capital Programme 2023/24 - 2025/26
Capital Programme Summary - Quarter 2 2023/24

Directorate	Revised Budget Q1 2023/24 £	Budget Virements Quarter 2 £	Revised Budget Quarter 2 2023/24 £	Actual Spend £	Spend to Budget Variance £	% Budget Spend	Outturn Projection £	Outturn Projection Variance £	2024/25 Revised Budget £	2025/26 Revised Budget £
General Fund										
Health & Wellbeing	0	0	0	0	0	0.00%	0	0	0	0
People	17,717,871	(4,818,111)	12,899,760	3,451,012	9,448,748	26.75%	12,899,760	0	14,732,379	5,780,231
Place	97,410,005	(17,515,401)	79,894,604	21,921,561	57,973,043	27.44%	79,894,604	0	104,114,325	39,724,736
Resources	1,042,361	0	1,042,361	576	1,041,785	0.06%	1,042,361	0	0	0
Total General Fund	**116,170,237**	**(22,333,512)**	**93,836,725**	**25,373,148**	**68,463,577**	**27.04%**	**93,836,725**	**0**	**118,846,704**	**45,504,967**
Housing Revenue Account	27,976,507	4,849,546	32,826,053	5,568,949	27,257,104	16.97%	32,826,053	0	17,124,384	12,708,431
Total Approved Budget	**144,146,744**	**(17,483,966)**	**126,662,778**	**30,942,097**	**95,720,681**	**24.43%**	**126,662,778**	**0**	**135,971,088**	**58,213,398**

The actual capital expenditure at Quarter 2 is £30.942m, which represents 24.43% of the revised capital budget at Quarter 2, 50% 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 26.75% (budget £17.718m), Place 27.44% (budget £97.410m), Resources 0.06% (budget £1.042m), HRA Major Repairs & New Build Programme 16.97% (budget £27.977m).

Shropshire Council - Capital Programme Portfolio Holder Summary Quarter 2023/24

Portfolio Holder	Revised Budget Q1 2023/24 £	Budget Virements Quarter 2 £	Revised Budget Quarter 2 2023/24 £	Actual Spend £	Spend to Budget Variance £	% Budget Spend	Outturn Projection £	Outturn Projection Variance £	2024/25 Revised Budget £	2025/26 Revised Budget £
General Fund										
Portfolio Holder Adult Social Care and Public Health	6,955,338	(2,303,995)	4,651,343	2,592,709	2,058,634	55.74%	4,651,343	0	7,652,995	4,149,000
Portfolio Growth and Regeneration	10,006,059	(866,906)	9,139,153	1,534,749	7,604,404	16.79%	9,139,153	0	7,617,520	4,291,793
Deputy Leader and Portfolio Holder Climate Change	0	0	0	0	0	0.00%	0	0	325,000	0
Portfolio Holder Children and Education	13,868,754	(2,514,116)	11,354,638	2,908,856	8,445,782	25.62%	11,354,638	0	11,228,384	5,780,231
Portfolio Holder Finance and Corporate Resources	0	0	0	0	0	0.00%	0	0	0	0
Portfolio Holder for Health (Integrated Care System	53,816,470	(629,735)	53,186,735	8,774,996	44,411,739	16.50%	53,186,735	0	37,033,741	14,409,431
Portfolio Holder Culture and Digital	9,885,262	(3,093,692)	6,791,570	1,196,085	5,595,485	17.61%	6,791,570	0	10,312,085	2,170,943
Portfolio Holder Highways and Regulatory Services	21,638,354	(12,925,068)	8,713,286	8,365,753	347,533	96.01%	8,713,286	0	44,676,979	14,703,569
Leader and Portfolio Holder Strategy	0	0	0	0	0	0.00%	0	0	0	0
Total General Fund	116,170,237	(22,333,512)	93,836,725	25,373,148	68,463,577	27.04%	93,836,725	0	118,846,704	45,504,967
Housing Revenue Account										
Portfolio Holder Physical Infrastructure (Highways,	27,976,507	4,849,546	32,826,053	5,568,949	27,257,104	16.97%	32,826,053	0	17,124,384	12,708,431
Total Approved Budget	**144,146,744**	**(17,483,966)**	**126,662,778**	**30,942,097**	**95,720,681**	**24.43%**	**126,662,778**	**0**	**135,971,088**	**58,213,398**

Shropshire Council - Capital Budget Monitoring Report Quarter 2 2023/24

Directorate Service Area	Revised Budget Q1 2023/24 £	Budget Virements Quarter 2 £	Revised Budget Quarter 2 2023/24 £	Actual Spend £	Spend to Budget Variance £	% Budget Spend	Outturn Projection £	Outturn Projection Variance £	2024/25 Revised Budget £	2025/26 Revised Budget £
General Fund										
Health & Wellbeing	**0**	**0**	**0**	**0**	**0**	**0.00%**	**0**	**0**	**0**	**0**
Public Health Capital	0	0	0	0	0	0.00%	0	0	0	0
Regulatory Services Capital	0	0	0	0	0	0.00%	0	0	0	0
People	**17,717,871**	**(4,818,111)**	**12,899,760**	**3,451,012**	**9,448,748**	**26.75%**	**12,899,760**	**0**	**14,732,379**	**5,780,231**
Adult Social Care Contracts & Provider Capital	0	0	0	0	0	0.00%	0	0	0	0
Adult Social Care Operations Capital	3,849,117	(2,303,995)	1,545,122	542,155	1,002,967	35.09%	1,545,122	0	3,503,995	0
Children's Residential Care Capital	393,125	0	393,125	22,977	370,148	5.84%	393,125	0	0	0
Non Maintained Schools Capital	507,650	437,625	945,275	870,749.73	74,525	92.12%	557,650	387,625	2,000,000	0
Primary School Capital	6,384,569	(32,194)	6,352,375	1,877,622	4,474,753	29.56%	6,352,375	0	1,000,000	0
Secondary School Capital	728,191	(3,980)	724,211	136,598	587,613	18.86%	724,211	0	0	0
Special Schools Capital	52,420	0	52,420	1,306	51,114	2.49%	52,420	0	0	0
Unallocated School Capital	5,802,799	(2,915,567)	2,887,232	(397)	-0.01%		3,274,857	(387,625)	8,228,384	5,780,231
Place Capital - Commercial Services	**18,233,693**	**(7,129,724)**	**11,103,969**	**1,757,385**	**9,346,584**	**15.83%**	**11,103,969**	**0**	**19,909,357**	**1,701,000**
Corporate Landlord Capital	18,233,693	(7,129,724)	11,103,969	1,757,385	9,346,584	15.83%	11,103,969	0	19,909,357	1,701,000
Place Capital - Economic Growth	**14,750,537**	**(3,041,337)**	**11,709,200**	**2,282,379**	**9,426,821**	**19.49%**	**11,709,200**	**0**	**11,365,107**	**4,371,738**
Broadband Capital	3,785,519	(2,174,431)	1,611,088	647,630	963,458	40.20%	1,611,088	0	3,747,587	79,945
Development Management Capital	533,676	0	533,676	166,425	367,251	31.18%	533,676	0	121,500	40,500
Economic Growth Capital	9,472,383	(1,000,000)	8,472,383	1,193,105	7,279,278	14.08%	8,472,383	0	7,496,020	4,251,293
Planning Policy Capital	958,959	133,094	1,092,053	275,219	816,834	25.20%	1,092,053	0	0	0
Place Capital - Homes & Communities	**5,057,382**	**(919,261)**	**4,138,121**	**547,879**	**3,590,242**	**13.24%**	**4,138,121**	**0**	**6,564,498**	**2,090,998**
Leisure Capital	4,685,989	(912,481)	3,773,508	470,226	3,303,282	12.46%	3,773,508	0	6,269,718	2,067,303
Libraries Capital	118,475	0	118,475	0	118,475	0.00%	118,475	0	94,780	23,695
Outdoor Partnerships Capital	275,818	(6,780)	269,038	68,431	200,607	25.44%	269,038	0	200,000	0
Visitor Economy Capital	(22,900)	0	(22,900)	9,222	(32,122)	-40.27%	(22,900)	0	0	0
Place Capital - Infrastructure	**49,614,861**	**(8,075,522)**	**41,539,339**	**13,934,702**	**27,604,637**	**33.55%**	**41,539,339**	**0**	**62,126,363**	**27,412,000**
Environment & Transport Capital	0	0	0	0.00	0	0.00%	0	0	0	0
Highways Capital	49,614,861	(8,075,522)	41,539,339	13,934,702	27,604,637	33.55%	41,539,339	0	61,801,363	27,412,000
Waste Capital	0	0	0	0	0	0.00%	0	0	325,000	0
Place Capital - Housing Services	**9,753,532**	**1,650,443**	**11,403,975**	**3,399,216**	**8,004,759**	**29.81%**	**11,403,975**	**0**	**4,149,000**	**4,149,000**
Housing Services	9,753,532	1,650,443	11,403,975	3,399,216	8,004,759	29.81%	11,403,975	0	4,149,000	4,149,000
Resources	**1,042,361**	**0**	**1,042,361**	**576**	**1,041,785**	**0.06%**	**1,042,361**	**0**	**0**	**0**
ICT Digital Transformation - CRM Capital	576	0	576	576	0	100.00%	576	0	0	0
ICT Digital Transformation - ERP Capital	0	0	0	0	0	0.00%	0	0	0	0
ICT Digital Transformation - Infrastructure & Archit	0	0	0	0	0	0.00%	0	0	0	0
ICT Digital Transformation - Social Care Capital	0	0	0	0	0	0.00%	0	0	0	0
ICT Digital Transformation - Unallocated Capital	1,041,785	0	1,041,785	0	1,041,785	0.00%	1,041,785	0	0	0
Total General Fund	116,170,237	(22,333,512)	93,836,725	25,373,148	68,463,577	27.04%	93,836,725	0	118,846,704	45,504,967
Housing Revenue Account	27,976,507	4,849,546	32,826,053	5,568,949	27,257,104	16.97%	32,826,053	0	17,124,384	12,708,431
HRA Dwellings Capital	27,976,507	4,849,546	32,826,053	5,568,949	27,257,104	16.97%	32,826,053	0	17,124,384	12,708,431
Total Approved Budget	**144,146,744**	**(17,483,966)**	**126,662,778**	**30,942,097**	**95,720,681**	**24.43%**	**126,662,778**	**0**	**135,971,088**	**58,213,398**

APPENDIX 8

PROJECTED CAPITAL RECEIPTS

Capital receipts are a source of capital funding, often preferred to other sources which are focused on specific objectives (e.g. grants, match funding, developer contributions), or which bear a cost (e.g. external borrowing).

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 2023/24 to 2026/27. 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.

	2023/24	2024/25	2025/26	2026/27
Corporate Resources Allocated in Capital Programme	16,493,898	11,675,352	5,952,293	1,600,000
Capital Programme Ring-fenced receipt requirements	5,542,139	14,694,236	19,103,665	-
Transformation activities	4,018,186	-	-	-
Total Commitments	**26,054,223**	**26,369,588**	**25,055,958**	**1,600,000**
Capital Receipts in hand/projected:				
Brought Forward in hand	17,465,369	4,005,007	- 21,804,582	- 46,795,539
Generated 2022/23YTD	1,782,921	-	-	-
Projected - 'Green'	10,810,939	560,000	65,000	65,000
Total in hand/projected	**30,059,230**	**4,565,007**	**- 21,739,582**	**- 46,730,539**
Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward	**- 4,005,007**	**21,804,582**	**46,795,539**	**48,330,539**
Further Assets Being Considered for Disposal	3,255,120	25,581,744	7,463,000	7,000,750

In 2024/25, 2025/26 and 2026/27 there are currently projected cumulative shortfalls of capital receipts of £21.805m, £46.7960m and £48.331m 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 £43.301m which even if realised would be insufficient to resolve the currently projected shortfall in capital receipts peaking at £48.331m in 2026/27. Of these disposals £22.093m and £21,208m are currently RAG rated "Amber" and "Red" respectively, meaning that they are either achievable but challenging or 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

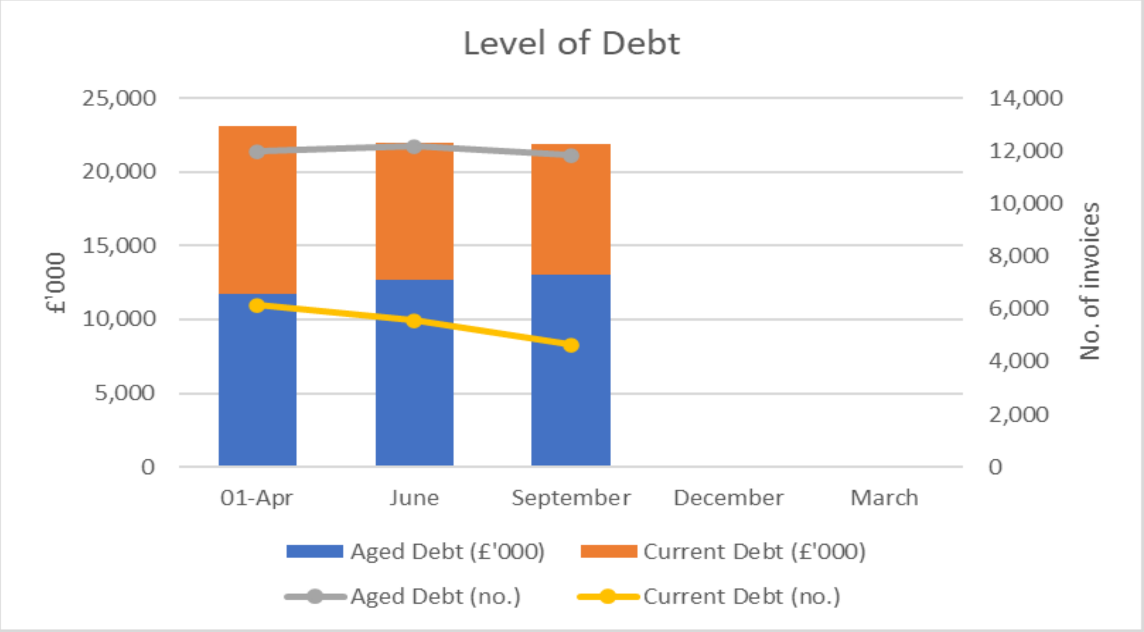
The two financial indicators detailed below will be tracked during the course of the financial year to provide assurance on the Council's financial management processes.

Payment of Invoices

April – September 2023	% of Invoices	No. of invoices
Paid within 30 days	63.41	23,374
Invoices not paid within 30 days	36.59	13,485
Total	**100.00**	**36,859**

Aged debt

As at 30th September 2023	Value (£'000)	No. of invoices
Aged Debt	13,025	11,827
Current Debt	8,844	4,638
Total	**21,868**	**16,465**



The payment of invoices indicator demonstrates that the Council is paying 63% of invoices to suppliers within 30 days. This indicator has decreased from 2022/23. Ideally, invoices should be raised for payments due to the council within 30 days, and purchase orders for all new supplies should be raised ahead of delivery. Statistics on late submission of invoices and production of retrospective orders are produced for senior managers across the Council and they are being asked to tackle areas of late payment to improve performance around this.

The value of aged debt has increased marginally but the number of invoices that this relates to has reduced since the start of the financial year. This does remain significantly high and the effects of cost of living are impacting on the level of debt held. Focussed action is being taken across the authority to improve debt recovery. The Council is also undertaking a review of the processes around aged debt recovery to try and minimise the level of debt raised and improve rates of direct debit take up to reduce debt arising.