



Committee and date

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Item

7

Public

REVENUE MONITORING REPORT – QUARTER 2 2014/15

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1. Summary

The report sets out the Revenue forecast for 2014/15 as at Quarter 2 and identifies the current projections on delivery of savings included within the forecast.

To aid reporting of savings delivery the Council uses a RAG (Red, Amber, Green) rating to identify a rating for the delivery of savings proposals (more details provided in the report below). As at Quarter 2, evidence currently suggests that of the £39.9m of proposals to be delivered in 2014/15, £37.2m are rated as Green – with a high degree of certainty of being delivered.

The Quarter 2 position indicates that £2.2m of the £39.9m savings planned are categorised as red, and further work is required within service areas to ensure that the total value of savings proposals are fully deliverable within the financial year. Furthermore a number of additional service pressures of £8.2m are already being highlighted, which services will need to address alongside delivering their savings targets. These pressures have been offset by the identification of a number of one off sources of funding that have not been committed and will instead be held to partially address the service pressures identified in year, however service areas will need to identify ongoing solutions to these pressures.

The key issues highlighted by this report are that:

- The projected outturn is an overspend of £1.603m which has improved since Quarter One by £1.622m.
- The projected General Fund Balance as at 31 March 2015 is £13.303m.

2. Recommendations

It is recommended that Members:

- A. Note that at the end of Quarter Two (29 August 2014), the full year forecast is a potential overspend of £1.603m;
- B. Consider the impact of this on the Council's General Fund Balance.
- C. Approve that credit notes for £113,425 and £162,000 be raised against sales ledger account S1/00587 in order to correct duplicate and incorrect debts within the account for care costs.

REPORT

3. Risk Assessment and Opportunities Appraisal

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

4. Financial Implications

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

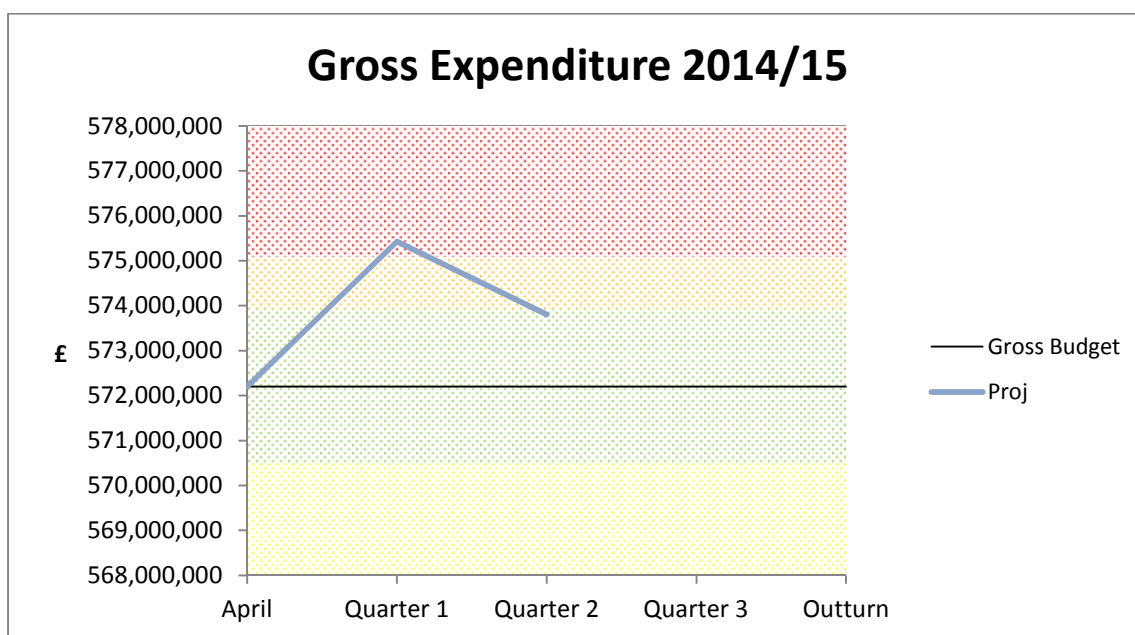
5. Background

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

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

6. Monitoring 2014/15 Budget - Overall Position

- 6.1 The projected revenue forecast for the year, at Quarter 2, shows a potential overspend of £1.603m (0.28%) on a gross budget of £572.2m (net £223.4m) for the full year. The forecast year end position for the whole council will be revised each month and reported using the graph below. The area of the graph banded green shows the extent of variance from the budget that would be seen as reasonable given the size and complexity of the Council's budget. At Quarter 2 the projected year end overspend of £1.603m is falling within the green banding which has improved since Quarter One. The net reduction of £1.622m is predominantly due to the capping of Environmental Maintenance budgets within Commissioning, thereby removing the previously reported budgetary pressure.



6.2 The projected overspend of £1.603m for 2014/15 is presented below and analysed in more detail at Appendix 1.

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

Service Area	Revised Budget £'000	Forecast Outturn £'000	(Under) / Overspend £'000	RAGY Classification
Adult Services	64,685	66,740	2,055	R
Children's Services	56,185	57,178	993	A
Commissioning	90,170	90,705	535	G
Public Health	1,470	1,446	(24)	Y
Resources & Support	9,371	10,102	731	R
Corporate	1,564	(1,123)	(2,687)	Y
TOTAL	223,445	225,048	1,603	G

7. Update on Savings Delivery

7.1 The savings projections for 2014/15 have been RAG rated in order to establish the deliverability of the savings and any potential impact on the outturn projection for the 2014/15 financial year. The RAG ratings are updated monthly to determine progress on delivery. Since the Quarter 1 position reported to Cabinet a further assessment has been undertaken by the Finance Team to determine the ongoing delivery of the savings within the budget and also the in year delivery of the savings in line with delivery milestones by Directors and Portfolio Holders to be built into the Quarter 2 projections. For transparency, each of these assessments are detailed for each service area in Table 2.

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

Service Area	Quarter 1 Projection of 2014/15 Delivery of Savings £'000	Finance Team Assessment of Ongoing Delivery of Savings as at Quarter 2 £'000	Projection of 2014/15 Delivery of Savings as at Quarter 2 £'000
Red Savings			
Adult Services	0	2,639	0
Children's Services	1,908	1,897	1,249
Commissioning	1,287	1,734	575
Public Health	0	0	0
Resources & Support	684	566	245
Corporate	0	0	0
	3,879	6,836	2,069
Amber Savings			
Adult Services	0	5,248	0
Children's Services	0	300	275
Commissioning	774	283	12
Public Health	0	0	0
Resources & Support	123	372	317
Corporate	0	0	0
	897	6,203	604
Green Savings			
Adult Services	10,233	2,347	10,233
Children's Services	5,304	5,015	5,688
Commissioning	6,144	6,188	7,618
Public Health	55	55	55
Resources & Support	6,580	6,448	6,825
Corporate	6,800	6,800	6,800
	35,116	26,853	37,219
TOTAL SAVINGS	39,892	39,892	39,892

- 7.2 The figures presented above demonstrate a healthy analysis of the Council's current financial position, with 93% of the 2014/15 savings target flagged as green. It should be recognized that the delivery of these savings targets has been delivered through the identification of a number of one off savings in 2014/15. The ongoing delivery as shown in the middle column suggests that 67% of the Council's £39.9m savings target can be demonstrated as green rated.
- 7.3 Further tracking of the movement in savings each month is shown in Appendix 2, which details any significant movements in RAG ratings that have occurred during the last quarter. Appendix 2 also includes a number of charts which maps the delivery of the red, amber and green savings over each period. As demonstrated within the Adults, Children's and Resources & Support graphs, the level of red and amber savings is higher when considering the ongoing delivery compared to the in-year delivery projection, demonstrating the use of one off savings in 2014/15. It is anticipated that as service areas identify plans for ongoing delivery of these or alternatives savings proposals during the course

of the year, these two lines will converge together and the level of green savings will move towards the target savings for each service area.

8. Analysis of Outturn Projections including Delivery of Savings

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

Table 3: Reconciliation of Monitoring Projections to Savings Delivery

	Quarter 2 Projection £'000	Red Savings detailed in Projection £'000	Amber Savings detailed in Projection £'000	One Off Savings Delivered to offset Reds and Ambers £'000	Ongoing Savings Delivered to offset Reds and Ambers £'000	Director Commitment to Address Reds and Ambers £000	One Off Monitoring Pressures Identified £'000	Ongoing Monitoring Pressures Identified £'000	One Off Monitoring Savings Identified £'000	Ongoing Monitoring Savings Identified £'000
Social Care Operations	2,125	1,831	0	(1,596)	0	(130)	26	2,534	(541)	0
Social Care Efficiency & Approval	143	807	0	(619)	0	0	138	468	(652)	0
Adult Services Management	(213)	0	0	(294)	0	0	133	0	(52)	0
Adult Services	2,055	2,638	0	(2,509)	0	(130)	298	3,002	(1,245)	0
Learning & Skills	518	915	0	(398)	0	0	0	417	0	(416)
Children's Safeguarding	475	982	300	(275)	0	0	0	0	(533)	0
Children's Services	993	1,897	300	(673)	0	0	0	417	(533)	(416)
Director of Commissioning	2	0	0	0	0	0	2	0	0	0
Local Commissioning	(50)	0	0	0	0	0	2	0	(52)	0
Area Commissioning North	586	1,191	71	(711)	19	0	0	30	(13)	0
Area Commissioning South	468	448	150	(598)	0	0	277	3,235	(3,044)	0
Public Protection & Enforcement	0	0	178	(121)	(57)	0	97	0	(97)	0
Business Growth & Prosperity	(471)	83	22	0	(88)	0	60	0	(549)	0
Commissioning	535	1,722	422	(1,430)	(127)	0	438	3,265	(3,754)	0
Public Health	(25)	0	0	0	0	0	0	0	(25)	0
Public Health	(25)	0	0	0	0	0	0	0	(25)	0
Commercial Services	250	367	68	(182)	60	0	97	428	(160)	(428)
Customer Involvement	661	139	276	(193)	0	0	764	717	(931)	(110)
Finance, Governance & Assurance	47	0	28	0	0	0	0	207	(188)	0
Human Resources	28	0	0	0	0	0	87	56	(116)	0
Legal, Democratic & Strategy	(195)	0	0	0	0	0	0	114	(280)	(30)
SMB	(60)	0	0	0	0	0	0	0	(60)	0
Resources & Support	731	506	372	(376)	60	0	948	1,522	(1,734)	(568)

	Quarter 2 Projection £'000	Red Savings detailed in Projection £'000	Amber Savings detailed in Projection £'000	One Off Savings Delivered to offset Reds and Ambers £'000	Ongoing Savings Delivered to offset Reds and Ambers £'000	Director Commitment to Address Reds and Ambers £000	One Off Monitoring Pressures Identified £'000	Ongoing Monitoring Pressures Identified £'000	One Off Monitoring Savings Identified £'000	Ongoing Monitoring Savings Identified £'000
Corporate	(2,686)	0	0	0	0	0	0	0	(2,686)	0
Corporate	(2,686)	0	0	0	0	0	0	0	(2,686)	0
TOTAL	1,603	6,764	1,094	(4,987)	(67)	(130)	1,684	8,206	(9,976)	(984)

8.2 Adult Services – The savings categorised as red include transport savings (£0.437m); voluntary community sector savings (£0.231m); QICS PFI contract savings (£0.250m); day services transformation (£0.046m); outsourcing of Community Living and Shared Lives (£0.74m), commissioning Mental Health Services under the new Partnership Arrangement (£0.150m), tender and contract savings (£0.467m); children's transition to Adult Services (£0.500m) and direct payments base cost adjustment (£0.483m). Since Quarter One, one off savings of £2.509m have been identified within the monitoring projections to offset these red savings. There is a further commitment from management that the remaining £0.130m will be delivered as service redesign work continues within the Adults Services. Additional ongoing budget pressures have been identified within the purchasing budget however additional S256 income is partially offsetting this pressure in 2014/15 .

Children's Services – Savings proposals rated red include transport savings (£0.915m), Reduction of numbers entering the care system (£0.497m) and the closure of children's homes (£0.485m). One off grant monies and earmarked reserves have been released to partially offset the red and amber savings, and further work will be undertaken within Children's Services to find additional compensatory one-off and ongoing savings to reduce the projected overspend.

Commissioning – Red rated savings proposals include contract savings to be delivered against the Veolia, Ringway and Shropshire Community Leisure Trust contracts of £1.606m, and £0.122m for Libraries. A proportion of amber rated savings of £0.422m have been included to reflect that plans for delivery have been formulated within service areas but these have either not yet been formally agreed, or the level of saving that can be delivered in year is not yet confirmed and agreed. Commissioning have identified a number of alternative ongoing savings proposals which will help to mitigate the delivery of red rated savings in 2014/15 and future years. The most significant ongoing budgetary pressure identified relate to Environmental Maintenance budgets required to correctly align revenue and capital costs for highways improvements and street scene works. In 2014/15 this pressure has been offset by contributions from reserves, and the budgets have been capped to contain any budgetary pressure.

Resources & Support – The savings proposals rated red include £0.139m for the Customer Service Centre and £0.367m relating to Property Savings linked to the asset management strategy implementation. This saving will be difficult to deliver in 2014/15 and hence will continue to cause a budgetary pressure

until final decisions are made on which corporate accommodation and assets will be in use in the future.

Corporate – A number of corporate budgets are held by the Council relating to non-apportionable costs and income such as council-wide grants, debt charges and treasury management costs and income. Assumptions are made and revised each year within the Financial Strategy to ensure that these budgets are adequate and do not impact negatively on services due to, for example, potential volatility in unconfirmed grant income or interest rates. The Council's Medium Term Financial Plan took account of a number of assumptions in Council Tax Freeze Grant, Section 31 grants (relating to, for example, compensation for small business relief) and Business Rate appeals provision. While the longer term implications of these elements remain uncertain (for example whether they will be rolled transparently into future RSG allocations) an assessment over the first 5 months of the year has identified that £2.686m has been budgeted for, but can be assumed to be uncommitted in 2014/15 with a reasonable degree of certainty. It is too early to assess the implications of these provisions beyond the current year, but as a one-off this underspend can now be declared, offsetting a large proportion of the in-year pressures identified in Table 3 above.

9. General Fund Balance

- 9.1. The effect on the Council's Reserves of the forecast is detailed below. The Council's policy on balances is to have a general fund balance (excluding schools balances) of between 0.5% and 2% of the gross revenue budget. For 2014/15 the minimum balance required is £2.861m. The Financial Strategy, agreed by Council on 27 February 2014, anticipates a level of reserves by year end of £11.3m. Based on the current monitoring position, the General Fund Balance will be significantly below this target and the below the Council's policy on balances, as shown in Table 3 below:

Table 3: Projected General Fund Balance As At 31 March 2015

	(£'000)
General Fund Balances as at 31 March 2014	14,497
Budgeted contribution to General Fund Balance	409
This report – projected outturn (overspend)	(1,603)
Projected Balance at 31 March 2015	13,303

- 9.2 The projected balance of £13.303m falls above the Council's policy level on balances, however is significantly below the risk based target for 2014/15 which was calculated at £18.513m. The projected balance is considered appropriate given the significant level of savings required in the Council's Medium Term Financial Plan. Further work is required to deliver the savings targets for the year and mitigate any additional budget pressures identified for each service area to ensure that the Council's budget Strategy is not compromised.

10. Credit Notes Required to Write off Debtor Accounts

- 10.1 During the second quarter of 2014/15 it has been identified that two credit notes are required to clear debts that had been raised for incorrect amounts and in duplicate for care costs. The two credit notes required are detailed in the table below, and the costs of these credit notes will be funded from the Adult Services Bad Debt Provision.

Debt Amount	Ledger No	Reason
£113,425.09	61/00587	Correction of incorrect values raised
£162,000.00	61/00587	Duplicate invoices

In accordance with Financial Rules, approval to raise these credit notes to write off the debt is sought from Cabinet.

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

Revenue & Capital Budget 2014/15
Financial Rules

Appendices

- 1 - Service Area Pressures and Actions 2014/15
- 2 - Tracking of Delivery of 2014/15 Savings Proposals
- 3 - Amendments to Original Budget 2014/15

Service Area Pressures and Actions 2014/15Summary

	Full year			RAGY
	Budget	Forecast	Variance	
	£	£	£	
Adult Services	64,684,990	66,740,290	2,055,300	R
Children Services	56,184,930	57,177,543	992,613	A
Commissioning	90,170,450	90,705,530	535,080	G
Public Health	1,470,140	1,445,591	(24,549)	Y
Resources & Support	9,370,810	10,101,597	730,787	R
Corporate	1,563,630	(1,122,587)	(2,686,217)	Y
Total	223,444,950	225,047,964	1,603,014	G

Detail

ADULT SERVICES	Full year			RAGY
	Budget	Forecast	Variance	
	£	£	£	
Total	64,684,990	66,740,290	2,055,300	R

Social Care Operations	Portfolio Holder Adult Services and Local Commissioning (South)	50,382,790	52,507,615	2,124,825	R
There remains a significant pressure within purchasing budgets which accounts for the overall overspend in this area (offset by income projection reductions as estimates have been refined). It is encouraging to see that base contract expenditure analysis shows a reduction in trend compared to previous periods. The reported position for quarter two compares favourably to the quarter one position, as reported by finance, in that we are prudently assuming for quarter two that no red savings will be delivered. This position will continue to be monitored closely and updated accordingly.					
Social Care Efficiency & Approval	Portfolio Holder Adult Services and Local Commissioning (South)	11,882,300	12,025,452	143,152	A
Overspends in purchasing in this area are offset by underspends including some Day Services as a result of early achievement of savings.					
Adult Services Management	Portfolio Holder Adult Services and Local Commissioning (South)	2,419,900	2,207,223	(212,677)	Y
Early achievement of 2015/16 savings related to Voluntary Redundancy.					

CHILDRENS SERVICES	Full year			RAGY
	Budget	Forecast	Variance	
	£	£	£	
Total	52,071,380	53,063,993	992,613	A

Learning & Skills	Deputy Leader of the Council; Portfolio Holder Children's Services, Transformation and Safeguarding	27,769,120	28,287,115	517,995	R
The overspend represents transport savings still to be achieved in 14/15. It should be noted that in order to achieve this position, one off funding of £1.398m has been applied.					
Children's Safeguarding	Deputy Leader of the Council; Portfolio Holder Children's Services, Transformation and Safeguarding	28,415,810	28,890,428	474,618	A
The overspend of £0.474m within placements has been achieved after applying one-off funding of £0.367m which will be added to the 15/16 savings target. Some assumptions have been made in relation to savings that will not become fully apparent until the Autumn when the service restructure will be complete.					

COMMISSIONING	Full year			RAGY
	Budget	Forecast	Variance	
	£	£	£	
Total	90,170,450	90,705,530	535,080	G

Director of Commissioning	Portfolio Holder Leisure, Libraries and Culture	653,350	655,071	1,721	G
Minor variation from budget projected as at Quarter 2.					
Director of Commissioner Total		653,350	655,071	1,721	G

Local Commissioning	Portfolio Holder Business Growth, ip&e and Commissioning (North)	430,130	431,744	1,614	G
Minor variation from budget projected as at Quarter 2.					
Community Action	Portfolio Holder Business Growth, ip&e and Commissioning (North)	805,090	753,307	(51,783)	Y
Vacancy management and efficiency savings, plus specific budget for redundancies not required.					
Commissioning Group Total		1,235,220	1,185,051	(50,169)	Y

Area Commissioner North – Positive Activities	Portfolio Holder Leisure, Libraries and Culture	1,081,270	1,078,846	(2,424)	Y
Minor variation from budget projected as at Quarter 2.					

COMMISSIONING		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Area Commissioner North - Libraries	Portfolio Holder Leisure, Libraries and Culture	3,815,720	3,937,552	121,832	R
A delay to the consultation on Libraries and community hubs means that some proposed savings, such as reduction in opening hours, will not take place this year. There are also projected variances on employee and premises costs.					
Area Commissioner North - Markets	Portfolio Holder Business Growth, ip&e and Commissioning (North)	67,470	97,401	29,931	G
Very little budget for buildings costs, but significant expenditure has been incurred on repairs and maintenance and fixtures and fittings.					
Area Commissioner North - Waste	Portfolio Holder Business Growth, ip&e and Commissioning (North)	26,726,550	27,174,097	447,547	A
Reflects red RAG rating, less projections of excess budget against contract subjectives for ancillary services and annual reconciliation.					
Area Commissioner North – Shrewsbury BID		0	(10,300)	(10,300)	Y
Repayment of 2013/14 year-end grant, not budgeted for.					
Area Commissioner North	Portfolio Holder Business Growth, ip&e and Commissioning (North)	239,550	239,065	(485)	Y
Minor variation from budget projected as at Quarter 2.					
Area Commissioner North Total		31,930,560	32,516,661	586,101	A
Area Commissioner South – Environmental Maintenance	Portfolio Holder Highways & Transport	26,410,220	26,609,690	199,470	G
The overspend pressure within Environmental Maintenance has been contained within the service by capping revenue budgets across all areas of the service and commitments made by management that they will contain spend to these revised budgets. An additional pressure has been identified from a number of 'final accounts' costs for professional fees for 'non-current' capital projects.					
Area Commissioner South – Highways & Transport	Portfolio Holder Highways & Transport	5,168,020	5,335,424	167,404	R
A condition survey at 'Raven Meadows Carpark' and a Revenue Contribution to Capital.					
Area Commissioner South – Passenger Transport	Portfolio Holder Highways & Transport	788,200	788,028	(172)	Y
Minor variation from budget projected as at Quarter 2. This area is subject to a major service review. Current and future year savings will be realised and will result in lower recharges to front line services, hence savings will be reflected in these areas.					
Area Commissioner South – Leisure	Portfolio Holder Leisure, Libraries and Culture	3,979,540	4,079,869	100,329	R
Reflects Shropshire Community Leisure Trust saving that has not been achieved, plus part of a one-off payment to transfer a facility to an educational establishment, the rest of which is offset by small efficiency savings across the portfolio.					
Area Commissioner South	Portfolio Holder Adult Services and Commissioning (South)	316,550	317,948	1,398	G
Minor variation from budget projected as at Quarter 2.					
Area Commissioner South Total		36,662,530	37,130,959	468,429	A

COMMISSIONING		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Public Protection & Enforcement – Healthier People & Communities	Portfolio Holder Business Growth, ip&e and Commissioning (North)	1,335,620	1,280,408	(55,212)	Y
Underspend relates to restructure of service within Public Protection & Enforcement, and is offset by overspends elsewhere within the service. The budgets will be aligned during the next period to match expenditure.					
Public Protection & Enforcement – Healthier & Sustainable Environment	Portfolio Holder Business Growth, ip&e and Commissioning (North)	1,221,790	1,180,173	(41,617)	Y
Underspend relates to restructure of service within Public Protection & Enforcement, and is offset by overspends elsewhere within the service. The budgets will be aligned during the next period to match expenditure.					
Public Protection & Enforcement – Safer & Stronger Communities	Portfolio Holder Business Growth, ip&e and Commissioning (North)	303,240	354,269	51,029	A
Overspend relates to restructure of service within Public Protection & Enforcement, and is offset by underspends elsewhere within the service. The budgets will be aligned during the next period to match expenditure.					
Public Protection & Enforcement – Public Protection Management	Portfolio Holder Business Growth, ip&e and Commissioning (North)	1,313,070	1,359,065	45,995	G
Overspend relates to restructure of service within Public Protection within Public Protection & Enforcement, and is offset by underspends elsewhere within the service. The, budgets will be aligned during the next period to match expenditure.					
Public Protection – Housing Health	Portfolio Holder Planning, Housing and Commissioning (Central)	6,041,570	6,041,570	0	G
No variation from budget projected as at Quarter 2.					
Public Protection & Enforcement Total		10,215,290	10,215,485	195	G
Business Growth & Prosperity – Arts	Portfolio Holder Leisure, Libraries and Culture	219,040	217,007	(2,033)	Y
Minor variation from budget projected as at Quarter 2.					
Business Growth & Prosperity - Enterprise & Business	Portfolio Holder Business Growth, ip&e and Commissioning (North)	1,059,920	1,047,178	(12,742)	Y
Deliberate savings in this area (essentially staffing), to offset challenges in 'Infrastructure and Growth' (as below).					
Business Growth & Prosperity - Visitor Economy	Portfolio Holder Business Growth, ip&e and Commissioning (North)	1,853,280	1,918,886	65,606	A
There is significant transformation of 'Visitor Economy' in 2014/15, in line with the 'Black Radley' review, that includes consolidation and commercialisation of the service. A number of costs to achieve this transformation have been identified, two of the more significant include:- costs to achieve the 'Community Asset Transfer' of the Discovery Centre and move the library to the community centre and actual Business rates at the Music Hall have been evaluated at a much higher level than anticipated.					
Business Growth & Prosperity - Outdoor Recreation	Portfolio Holder Leisure, Libraries and Culture	2,433,350	2,379,118	(54,232)	Y
Minor variation from budget projected as at Quarter 2.					

COMMISSIONING		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Business Growth & Prosperity - Theatre Severn	Portfolio Holder Leisure, Libraries and Culture	556,650	568,588	11,938	G
One of the additional income streams for 2014/15 (cultural VAT exemption) is still awaiting a court decision, so alternatives are being explored, however, the degree of success is difficult to reliably predict at this stage.					
Business Growth & Prosperity - Infrastructure & Growth	Portfolio Holder Business Growth, ip&e and Commissioning (North)	14,800	(7,141)	(21,941)	Y
Income from lettings remains challenging, mitigated by savings in 'Enterprise and Business' (above).					
Business Growth & Prosperity - Development Management	Portfolio Holder Planning, Housing and Commissioning (Central)	2,622,260	2,164,677	(457,583)	Y
This service has significant income from 'Fees and Charges' and 'Applications'. Recent history indicates that levels of income are extremely difficult to predict, 2013/14 was an exceptional year, however, it is thought that this may change dramatically following the submission of the SAMDev plan potentially reducing the current high levels of speculative planning applications. Current indications suggest an underspend, however, monthly monitoring of income will be required throughout the year.					
Business Growth & Prosperity – Management	Portfolio Holder Planning, Housing and Commissioning (Central)	714,200	713,990	(210)	Y
Minor variation from budget projected as at Quarter 2.					
Business Growth & Prosperity Total		9,473,500	9,121,361	(352,139)	Y

PUBLIC HEALTH		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Total		1,470,140	1,445,591	(24,549)	Y

Public Health	Portfolio Holder Health	1,470,140	1,445,591	(24,549)	Y
Public Health covered by the Public Health Grant is projecting on budget with savings achieved. The underspends are projected in areas not offset by the Public Health grant, LINKS EPU and Coroners.					

RESOURCES & SUPPORT		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Total		9,370,810	10,101,597	730,787	R
Commercial Services	Portfolio Holder Resources, Finance, and Support	4,057,530	4,307,678	250,148	R
<p>Commercial Services (excluding Shire Services) is projected to be £0.250m overspent by year end. Income generation by the Design Team has been flagged previously as a financial pressure which has partially been addressed by voluntary redundancy within the team. This and other measures have now reduced the shortfall to a minimum level (£0.428m) but no further reductions are achievable and this has been resolved by a virement from corporate resources. The costs of dilapidations across premises that are due to reach the end of their lease in this financial year are estimated to result in a one-off cost of £0.200m, these have now been negotiated down to £0.1m, work continues to be undertaken to manage this cost down further. A total overspend of £0.537m is forecast in relation to property savings. These are identified as Red and Amber flagged savings targets in the current financial year, and can only be realised on disposal of assets, which is beyond our control and necessarily subject to market forces. Additional efficiencies have been identified of £0.182m to offset these savings pressures, and a temporary freeze has been placed on non-essential repair and maintenance of buildings in order to deliver additional in year savings if possible.</p>					
Customer Involvement	Portfolio Holder Resources, Finance, and Support	1,491,940	2,153,379	661,439	R
<p>The Wide Area Network contract has been retendered to deliver a saving of £1.9m over the next three years. In the short term, an element of dual running of the contracts is required in 2014/15 to ensure operational resilience over the transition period, and this one-off cost is now quantified and reflected in current projections, with work on-going to identify alternative one-off savings to mitigate this necessary cost. The cost of £0.490m will be spread over the three years of the new WAN contract and is covered in 2014/15 only by a temporary virement from corporate resources, to be repaid in 2015/16 and 2016/17. Additionally, during this period, IT will continue to support the schools broadband charge at a maximum cost of £0.250m for 2014/15 only. Additional budget pressures have been identified in relation to the costs for software, and delays in the rollout of Lync, There are unachievable savings targets of £0.139m for the Customer Service Centre and Face to Face proposals in 2014/15 which have been flagged as Red and relate to the current delays in implementation which are due to be resolved imminently. The Print unit also continues to experience a budget pressure on income generation, and the structure of the service is being reviewed. Savings from staffing in other areas are currently off setting some of the identified budget pressures.</p>					
Finance, Governance & Assurance	Portfolio Holder Resources, Finance, and Support	1,459,520	1,506,612	47,092	G
<p>The current overspend in Finance is in relation to the Schools Finance Team and is the result of a combination of reducing the staffing in the team to an unsustainable level and this has resulted in the need to recruit to an additional post as at a cost of £0.030m. There has also been reduced buy back from schools resulting in an income shortfall in the current year of £0.018m. Work is being undertaken to review how the team operates and to increase income opportunities in the future.</p>					
Human Resources & Development	Portfolio Holder Resources, Finance, and Support	209,150	236,673	27,523	G
<p>A one-off budget pressure has occurred resulting from two invoices paid to Teacher Pensions Association for Employer Pensions Contributions arrears with compound interest. The Payroll Team are seeking to mitigate the risk of future invoices by going through systems to ensure all teachers that should have been opted in have been dealt with correctly. Additional pressures have also been identified from reduced income relating to service buy back and first aid training, although these have largely been offset by in-year vacancy management savings.</p>					

RESOURCES & SUPPORT		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Legal, Democratic & Strategy	Portfolio Holder Resources, Finance, and Support	1,152,670	957,348	(195,322)	Y
<p>Savings across Committee Services and Members allowances/support services have been identified of £0.123m. Savings of £0.014m in relation to election services postage costs. A further saving of £0.023m has been identified in relation to subscription requirements. Additional income generation and savings on staffing have been identified with in Legal services to the value of £0.151m, and this is offsetting other budget pressures of £0.114m within Child Care legal costs. The large spend on legal fees in relation to child care costs continues to be high and this needs to be closely monitored as current spend remains high, the overspend may increase later in the year.</p>					
Strategic Management Board	Portfolio Holder Resources, Finance, and Support	1,000,000	939,907	(60,093)	Y
<p>Savings of £0.051m in relation to PA vacancies not being filled, with a number of additional savings within subscription and travel budgets. Additional funding of £1m has been allocated to this budget to fund a number of activities relating to the development of a new university in Shropshire, as approved by Council.</p>					

CORPORATE		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Total		1,563,630	(1,122,587)	(2,686,217)	Y

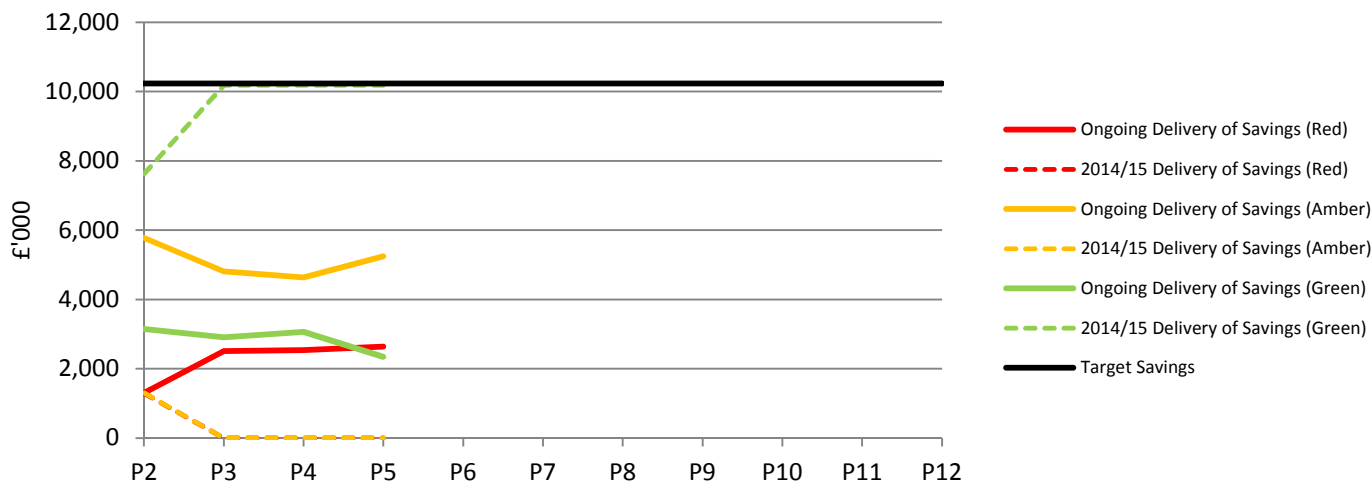
Corporate Budgets	Portfolio Holder Resources, Finance, and Support	1,563,630	(1,122,587)	(2,686,217)	Y
<p>Additional Non-distributable costs and added years pensions costs are forecast at £28.5k over budget. However, other savings have been identified from various budgets to offset additional costs in 2014/15. The Council's Medium Term Financial Plan took account of a number of assumptions in Council Tax Freeze Grant, Section 31 grants (relating to, for example small business rate relief) and Business Rate appeals provision. While the longer term implications of these elements remain uncertain (for example whether they will be rolled transparently into future RSG allocations) an assessment over the first 3 months of the year has identified that £2.471m has been budgeted for, but can be assumed to be uncommitted in 2014/15 with a reasonable degree of certainty. It is too early to assess the implications of these provisions beyond the current year, but as a one-off this underspend can now be declared, offsetting a large proportion of the in-year pressures identified in Table 3 of the report.</p>					

Tracking of Delivery of 2014/15 Savings Proposals

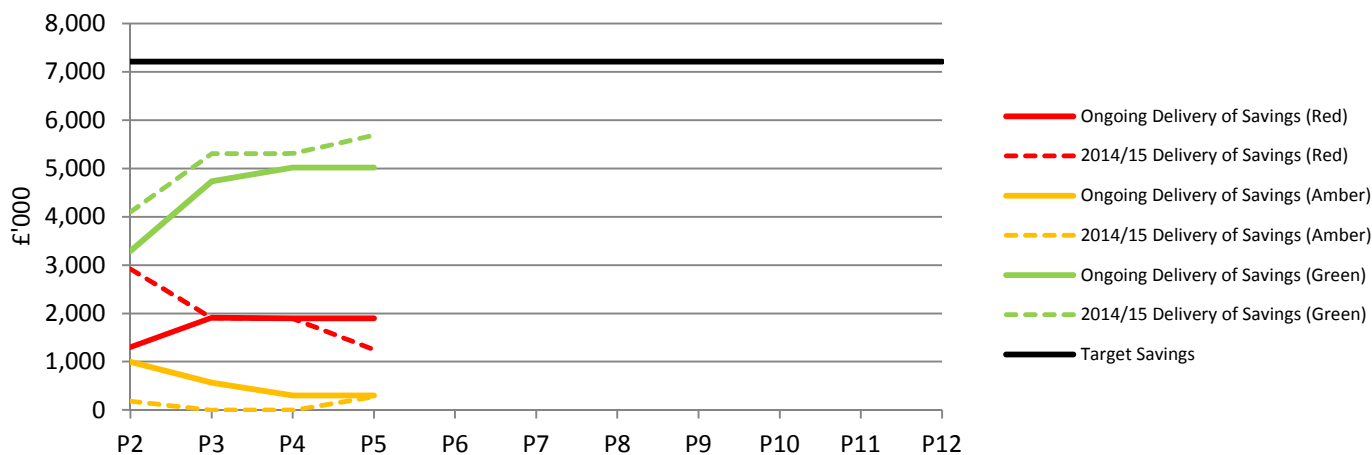
Service Area	Position as at 11 th June 2014 £'000	Finance Team Assessment of Ongoing Delivery of Savings as at Quarter 1 £'000	Projection of 2014/15 Delivery of Savings as at Quarter 1 £'000	Finance Team Assessment of Ongoing Delivery of Savings as at Quarter 2 £'000	Projection of 2014/15 Delivery of Savings as at Quarter 2 £'000	Significant Changes to Last Quarter's Projections
Red Savings						
Adult Services	1,304	2,511	0	2,639	0	50% of the Bethpage contract saving (total £0.253m) now categorised as red.
Children's Services	2,922	1,908	1,908	1,897	1,249	One off grants and reserve balances been identified to offset the savings in 2014/15 only.
Commissioning	1,287	1,287	1,287	1,734	575	Waste saving of £0.569m categorised as red and met by one off savings in 2014/15 only.
Public Health	0	0	0	0	0	
Resources & Support	684	684	684	566	245	Savings relating to CSC now planned for delivery and re-categorisation of savings from property disposals. One off savings have been identified across Commercial Services to reduce the impact in 2014/15.
Corporate	0	0	0	0	0	
	6,197	6,390	3,879	6,836	2,069	
Amber Savings						
Adult Services	5,781	4,812	0	5,248	0	Increase relates to the day services transformation saving which has now considered to be amber in terms of delivery rather than green as originally projected.
Children's Services	999	569	0	300	275	Restructuring savings are now considered to be green and hence has reduced the level of amber savings since Quarter 1.
Commissioning	774	774	774	283	12	Partial delivery of housing redesign savings.
Public Health	0	0	0	0	0	
Resources & Support	352	352	123	372	317	
Corporate	0	0	0	0	0	
	7,906	6,507	897	6,203	604	
Green Savings						
Adult Services	3,148	2,910	10,233	2,347	10,233	
Children's Services	3,291	4,735	5,304	5,015	5,688	
Commissioning	6,144	6,144	6,144	6,188	7,618	
Public Health	55	55	55	55	55	
Resources & Support	6,351	6,351	6,580	6,448	6,825	
Corporate	6,800	6,800	6,800	6,800	6,800	
	25,789	26,995	35,116	26,853	37,219	
TOTAL SAVINGS	39,892	39,892	39,892	39,892	39,892	

Tracking of 2014/15 RAG Ratings by Service Area

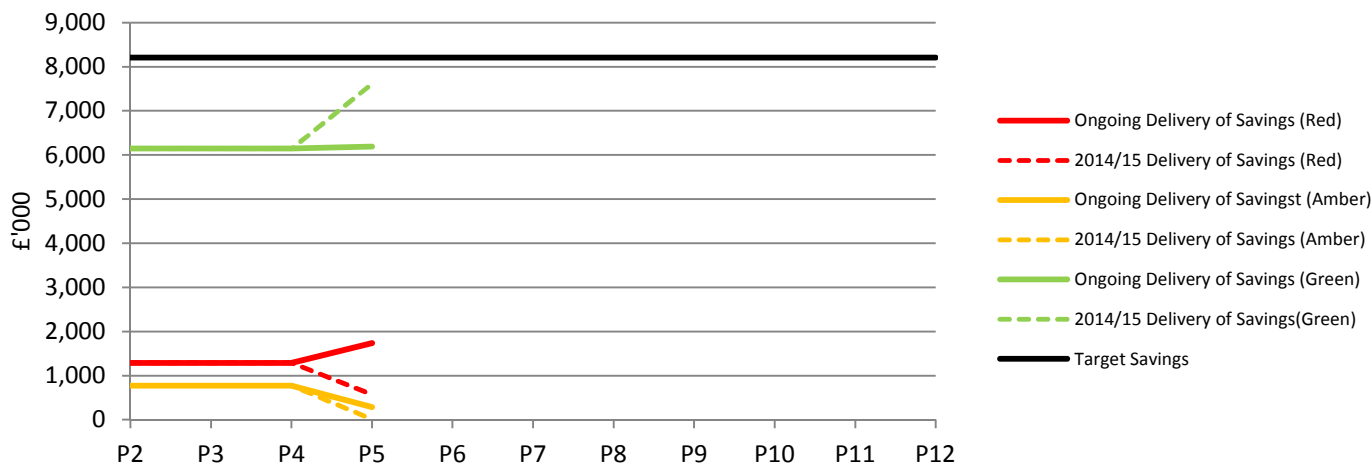
Adults RAG Projections Tracking 2014/15



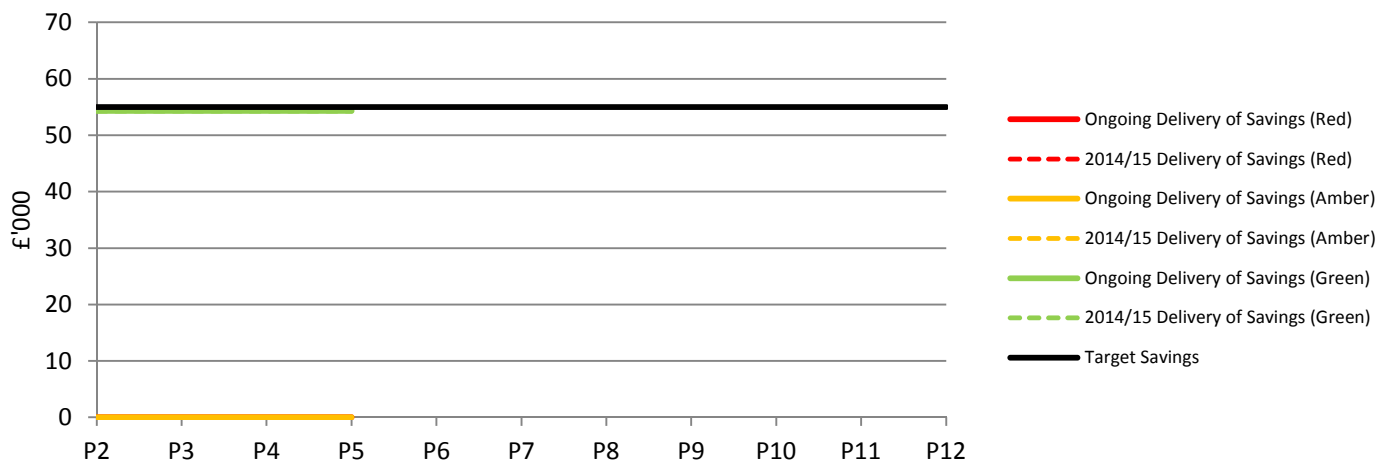
Children's RAG Projections Tracking 2014/15



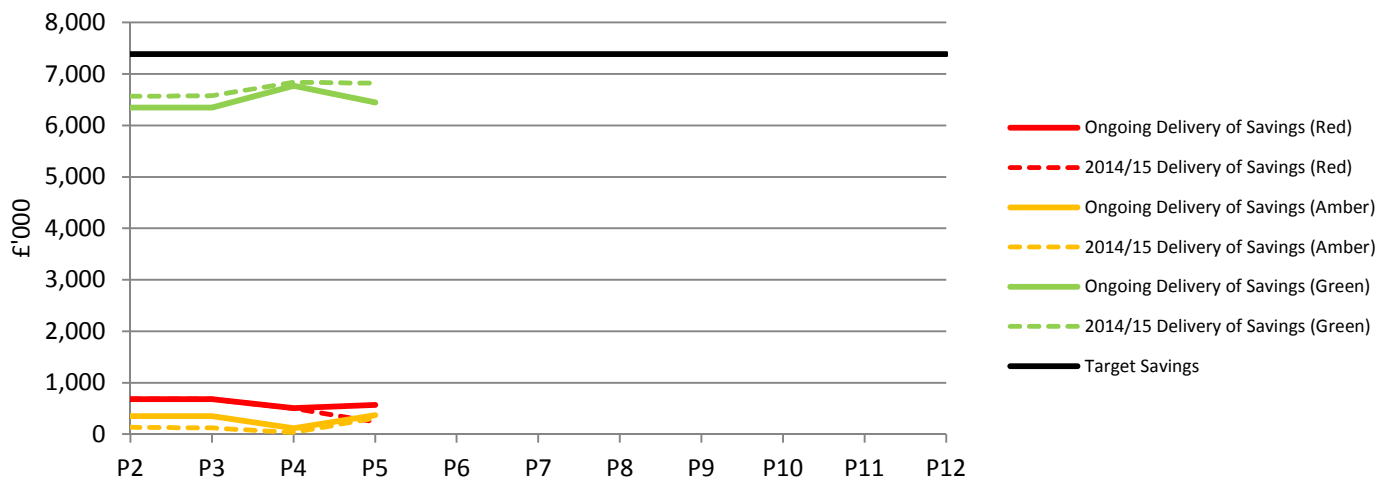
Commissioning RAG Projections Tracking 2014/15



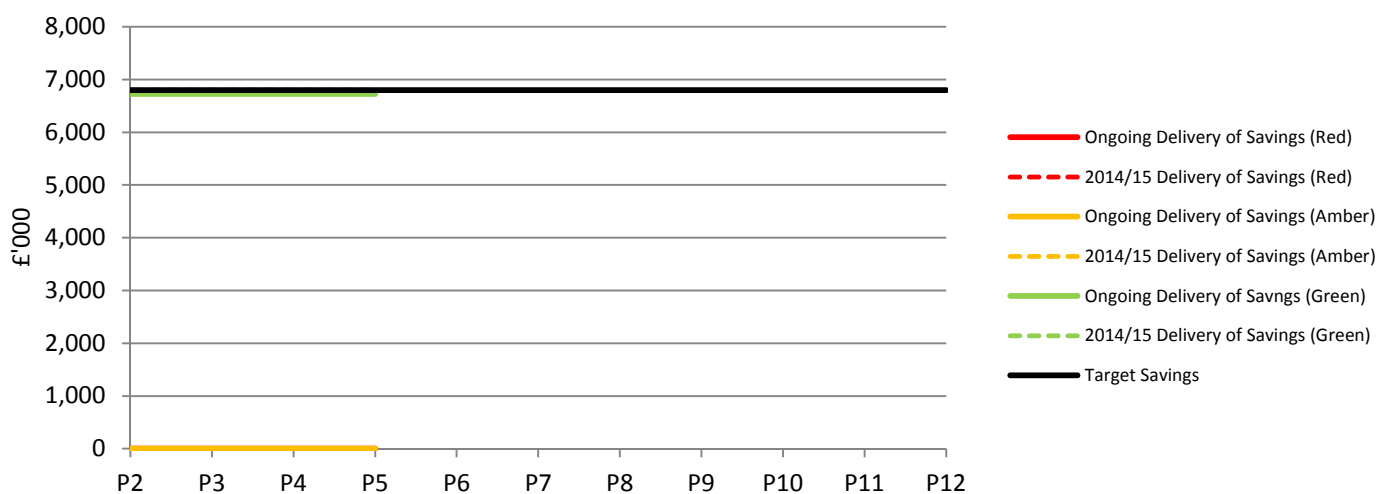
Public Health RAG Projections Tracking 2014/15



Resources & Support RAG Projections Tracking 2014/15



Corporate RAG Projections Tracking 2014/15



Appendix 2

Amendments to Original Budget 2014/15

	Total £'000	Adult Services £'000	Children's Services £'000	Commiss ioning £'000	Public Health £'000	Resources & Support £'000	Corporate £'000
Original Budget as agreed by Council	223,445	64,555	55,902	90,356	1,470	5,127	6,035
<u>Quarter 1</u>							
Professional Development Unit transferred from Children's Services to Adult Services	0	130	(130)	0	0	0	0
Grant funding re shortfall in ESG	0	0	416	0	0	0	(416)
Funding to Develop University Plans	0	0	0	0	0	1,000	(1,000)
Cost of dual running of the WAN contract	0	0	0	0	0	490	(490)
Financial pressures within the Property Services Design Team	0	0	0	0	0	428	(428)
<u>Quarter 2</u>							
Minor budget variations			(3)	(1)		4	
Structure change				(22)		22	
Sustainability transfer				(163)		163	
Restructure of IT budgets held corporately						337	(337)
Transfer of corporate funding for redesign projects in Resources & Support:							
- Mail room						300	(300)
- Printing						200	(200)
- EDRMS						412	(412)
- CSC						250	(250)
- Mobile working						280	(280)
- Revs & Bens						238	(238)
- Business Design						120	(120)
Revised Budget	223,445	64,685	56,185	90,170	1,470	9,371	1,564