



Committee and date

Cabinet  
14 October 2015

## REVENUE MONITORING REPORT – QUARTER 2 2015/16

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### 1. Summary

The report sets out the Revenue forecast for 2015/16 as at Quarter 2 and identifies the current projections on delivery of savings included within the forecast.

2015/16 represents the second year of the Council's latest three year Medium Term Financial Plan running from 2014/15 to 2016/17. Over this period the Council has identified a funding gap of £80m, with £28.4m of this due to be found in the 2015/16 Financial Year. Cabinet will receive an update on a quarterly basis to monitor the Council's overall finances reviewing delivery against the proposals put forward, but also monitoring of the whole Council budget to identify any other pressures or concerns not contained within savings proposals.

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 £28.4m of proposals to be delivered in 2015/16, £14m are rated as Green – with a high degree of certainty of being delivered.

The Quarter 2 position indicates that £7.6m of the £28.4m 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 £5.6m are already being highlighted, which services will need to address alongside delivering their savings targets. These pressures have been offset by the identification of a number of one off sources of funding that have not been committed and will instead be held to partially address the service pressures identified in year.

The key issues highlighted by this report are that:

- The projected outturn is an overspend of £4.135m which includes savings pressures of £7.610m.
- The projected General Fund Balance as at 31 March 2016 is £11.480m.

### 2. Recommendations

It is recommended that Members:

- A. Note that at the end of Quarter 2 (28 August 2015), the full year forecast is a potential overspend of £4.135m;
- B. Consider the impact of this on the Council's General Fund Balance.

## REPORT

### **3. Background**

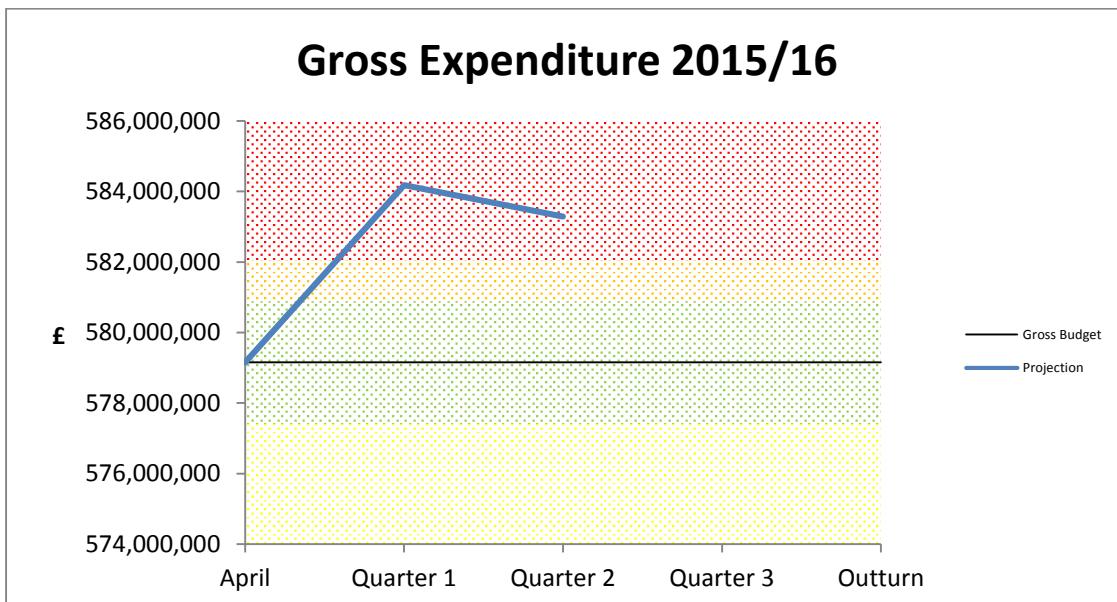
- 3.1 Revenue budget monitors are produced to report on the period from June (Period 2) to February (Period 11) of each financial year and show the anticipated year end projection. Reports are presented quarterly to Cabinet and monthly to Directors.
- 3.2 The reports track progress against the agreed budget decisions, forecast any significant variances to the budget, and enables corrective action to be taken to ensure a balanced budget at year end.
- 3.3 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)       |

- 3.4 In addition, given the level of savings proposals identified for delivery in 2015/16, this report also includes a second RAG rating, specifically relating to the delivery of savings. The ratings are as follows:
  - Green – Saving identified, quantified and confirmed
  - Amber – Saving identified but not yet confirmed
  - Red – Saving not achieved or unachievable

### **4. Monitoring 2015/16 Budget - Overall Position**

- 4.1 The projected revenue forecast for the year, at Quarter 2, shows a potential overspend of £4.135m (0.71%) on a gross budget of £579.2m (net £215.8m) 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 £4.135m is falling within the red banding.



- 4.4 The projected overspend of £4.135m for 2015/16 is presented below and analysed in more detail at Appendix 1.

**Table 1: 2015/16 Projected Budget Variations Analysed by Service Area**

| Service Area        | Revised Budget £'000 | Forecast Outturn £'000 | (Under) / Overspend £'000 | RAGY Classification |
|---------------------|----------------------|------------------------|---------------------------|---------------------|
| Adult Services      | 70,868               | 75,797                 | 4,929                     | R                   |
| Children's Services | 53,963               | 53,962                 | (1)                       | Y                   |
| Commissioning       | 82,273               | 82,631                 | 358                       | G                   |
| Public Health       | 2,042                | 1,985                  | (57)                      | Y                   |
| Resources & Support | 7,545                | 7,262                  | (283)                     | Y                   |
| Corporate           | (848)                | (1,660)                | (812)                     | Y                   |
| <b>TOTAL</b>        | <b>215,843</b>       | <b>219,977</b>         | <b>4,135</b>              | <b>R</b>            |

## 5. Update on Savings Delivery

- 5.1 The savings projections for 2015/16 have been RAG rated in order to establish the deliverability of the savings and any potential impact on the outturn projection for the 2015/16 financial year. The RAGE ratings have been categorised as follows:

- Red – Savings are not solved on an ongoing basis, nor have they been achieved in the current financial year
- Amber – Savings have been identified on an ongoing basis in the current financial year, however there is no clear evidence to support the delivery as yet
- Green – Savings have been identified on an ongoing basis in the current financial year, with evidence of delivery.

The RAG ratings are updated monthly to determine progress on delivery. Details of the current assessment of savings delivery for each service area are shown in Table 2.

**Table 2: Update on Delivery of 2015/16 Savings Proposals**

| Service Area         | Red<br>£'000 | Amber<br>£'000 | Green<br>£'000 | Total Savings<br>£'000 |
|----------------------|--------------|----------------|----------------|------------------------|
| Adult Services       | 3,966        | 4,745          | 5,259          | 13,969                 |
| Children's Services  | 609          | 554            | 1,875          | 3,038                  |
| Commissioning        | 716          | 1,741          | 3,050          | 5,506                  |
| Public Health        | 27           | 0              | 73             | 100                    |
| Resources & Support  | 862          | 200            | 662            | 1,624                  |
| Corporate            | 1,430        | 0              | 2,775          | 4,205                  |
| <b>TOTAL SAVINGS</b> | <b>7,610</b> | <b>7,240</b>   | <b>13,694</b>  | <b>28,442</b>          |

- 5.2 The figures presented above show that 48% of the 2015/16 savings target have been flagged as green with a further 25% with plans in place to be delivered. Those areas not delivered within 2015/16 have been assessed as part of the Financial Strategy to identify those areas deliverable but subject to a delay in delivery, and those areas identified as undeliverable.
- 5.3 Management have provided assurance that plans are in place to deliver the savings that have been categorised as amber, however as evidence of the delivery has not yet been identified, there is still a risk that these could cause a pressure on the outturn position for 2015/16. As the year progresses, these amber savings should gradually turn to green as the evidence does become available. However if the amber rated savings are not delivered as planned, the effect on the outturn position is shown in Table 3 below:

**Table 3: Effect of Non-Delivery of Amber Savings in 2015/16**

| Service Area        | Quarter 2<br>Projected<br>Outturn<br>£'000 | Amber<br>Savings<br>£'000 | Potential Outturn if<br>Amber Savings not<br>Achieved<br>£'000 |
|---------------------|--|---------------------------|--|
| Adult Services      | 4,929                                      | 4,745                     | 9,674  |
| Children's Services | (1)  | 554                       | 553  |
| Commissioning       | 358  | 1,741                     | 2,099  |
| Public Health       | (57)                                       | 0                         | (57)   |
| Resources & Support | (283)                                      | 200                       | (83)   |
| Corporate           | (812)                                      | 0                         | (812)  |
| <b>TOTAL</b>        | <b>4,135</b>                               | <b>7,240</b>              | <b>11,375</b>  |

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

- 6.1 The monitoring position detailed in Table 1 includes the current position on delivery of savings proposals for 2015/16 in addition to new monitoring pressures identified and one off solutions to reduce the projected overspend. Table 4 provides further analysis of the projected overspends for each service area.

**Table 4: Reconciliation of Monitoring Projections to Savings Delivery**

|                                      | Quarter 2<br>Projection<br>£'000 | Savings<br>Pressure in<br>2015/16<br>£'000 | Ongoing<br>Monitoring<br>Pressures<br>Identified<br>£'000 | Ongoing<br>Monitoring<br>Savings<br>Identified<br>£'000 | One Off<br>Monitoring<br>Pressures<br>Identified<br>£'000 | One Off<br>Monitoring<br>Savings<br>Identified<br>£'000 |
|--------------------------------------|----------------------------------|--|---|---|---|---|
| Adult Business Support & Development | (230)                            | 30   | 39  | 0   | 0   | (298)   |
| Contracts & Provider                 | (541)                            | 187  | (504)   | 0   | 125   | (350)   |
| Social Care Operations               | 5,693                            | 2,915                                      | 4,285   | 0   | 67  | (1,574)   |
| Adult Services Management            | 0                                | 0  | 0   | 0   | 0   | 0   |
| Housing Health & Wellbeing           | 9                                | 833  | 0   | 0   | 0   | (825)   |
| <b>Adult Services</b>                | <b>4,929</b>                     | <b>3,966</b>                               | <b>3,820</b>  | <b>0</b>  | <b>192</b>  | <b>(3,048)</b>  |
| Learning & Skills                    | (19)                             | 52   | 0   | 0   | 0   | (71)  |
| Children's Safeguarding              | (1)                              | 558  | 0   | 0   | 0   | (559)   |
| Children's Services Management       | 19                               | 0  | 0   | 0   | 0   | 0   |
| <b>Children's Services</b>           | <b>(1)</b>                       | <b>609</b>                                 | <b>0</b>  | <b>0</b>  | <b>0</b>  | <b>(610)</b>  |
| Director of Commissioning            | (2)                              | 75   | 0   | 0   | 0   | (77)  |
| Local Commissioning                  | (14)                             | 0  | 0   | 0   | 0   | (14)  |
| Area Commissioning North             | 127                              | 480  | 0   | 0   | 46  | (399)   |
| Area Commissioning South             | 330                              | 161  | 1,557   | (130)   | 0   | (1,258)   |
| Business Growth & Prosperity         | (83)                             | 0  | 0   | (87)  | 65  | (61)  |
| <b>Commissioning</b>                 | <b>358</b>                       | <b>716</b>                                 | <b>1,557</b>  | <b>(217)</b>  | <b>111</b>  | <b>(1,809)</b>  |
| Public Health                        | (57)                             | 27   | 0   | 0   | 0   | (84)  |
| <b>Public Health</b>                 | <b>(57)</b>                      | <b>27</b>                                  | <b>0</b>  | <b>0</b>  | <b>0</b>  | <b>(84)</b>   |
| Commercial Services                  | (232)                            | 0  | 93  | 0   | 16  | (341)   |
| Customer Involvement                 | 315                              | 512  | 65  | 532   | 1,310   | (2,104)   |
| Finance, Governance & Assurance      | (115)                            | 0  | 0   | 51  | 0   | (166)   |
| Human Resources                      | 8                                | 49   | 0   | 0   | 78  | (119)   |
| Legal, Democratic & Strategy         | (167)                            | 26   | 0   | 0   | 47  | (240)   |
| SMB                                  | (91)                             | 75   | 0   | (23)  | 0   | (143)   |
| <b>Resources &amp; Support</b>       | <b>(283)</b>                     | <b>662</b>                                 | <b>158</b>  | <b>560</b>  | <b>1,451</b>  | <b>(3,113)</b>  |
| Corporate                            | (812)                            | 1,430                                      | 0   | 130   | 0   | (2,372)   |
| <b>Corporate</b>                     | <b>(812)</b>                     | <b>1,161</b>                               | <b>0</b>  | <b>130</b>  | <b>0</b>  | <b>(2,372)</b>  |
| <b>TOTAL</b>                         | <b>4,135</b>                     | <b>7,409</b>                               | <b>5,534</b>  | <b>473</b>  | <b>1,754</b>  | <b>(10,425)</b>   |

**6.2 Adult Services** – The red savings identified within Adult Services relate mainly to contract savings particularly within nursing care placements, QICS PFI contract savings and the Bethpage contract as well as other minor contract savings within the service. Savings relating to the P2P Model of service delivery have also been categorised as red and the delivery of savings relating to the redesign of Housing Services are also likely to slip until 2016/17. Ongoing pressures have been identified of £3.820m within Adult Services which relates to the purchasing pressure as a result of new additional clients entering the care system in the first 5 months of the financial year

**Children's Services** – Savings not delivered in Children's Services relate to the amalgamation of troubled families work with early help and administrative savings across the service. These will be offset in the current year with the use of one off resources from grant monies and the use of Public Health monies. The reduction in Education Services Grant has been identified as an ongoing monitoring pressure. This is being funded in 2015/16 through the proposed use of other grant monies and staffing savings within Education Improvement.

**Commissioning** – The savings pressures in Commissioning relate to the review and redesign of the waste function including the Veolia contract (£0.434m), redesign of the Environmental Maintenance function (£0.161m), reductions in the positive activities special needs clubs budget (£0.046m) and administrative savings across the Directorate (£0.075m). Also ongoing monitoring pressures of £1.56m have been identified within the service relating to budget pressures within Environmental Maintenance of £1.08m and increasing costs of concessionary fares and bus subsidies of £0.48m. These pressures have been offset within the 2015/16 projected outturn by a £1.26m contribution from the Severe Weather Reserve. A one off contract saving within waste (£0.434m) and other underspends across service areas are helping to fund the non-achievement of savings on a one off basis for 2015/16.

**Resources & Support** – Savings have been categorised as red in relation to the delivery of savings in IT Services for the Lync telephony rollout, the Equitrac implementation and the WAN contract savings. There is also a one off pressure relating to additional costs for the WAN contract. The corporate WAN contract dual running period was initially anticipated to run until the end of June 2015, however this has now had to be extended and potentially needs to run until the end of December. The reasons for this extended dual running period are problems and delays in getting the BT WAN installed at all Council sites. These costs that have been identified within IT Services are being funded by a one off contribution from the Resources Efficiency Reserve (£1.5m) which contains earmarked money for IT Services development. This delay reduces the amount of redevelopment funding for IT.

**Corporate** – Efficiency savings of 7.5% were anticipated across corporate budgets in 2015/16 as a result of a redesign of Council services and a reduction in the support needed for frontline services. Without significant change to, or reduction in, many frontline services, proposals to deliver these savings have not yet identified. This is being funded on a one off basis within 2015/16 by the use of a one off MRP saving through the use of capital receipts set aside at the end of 2014/15 and by identifying alternative corporate budgets that have been held but can be uncommitted whilst redesign is completed.

The Council currently holds a number of corporate budgets in relation to funding changes received in the Final Budget Settlement for 2015/16, Council Tax Freeze Grant, Section 31 grants (relating to, for example small business rate relief) and Business Rate appeals provision that are currently uncommitted. It is planned for these balances to be used for ICT developments in the current financial year and any further commitments will be contributed to earmarked reserves. However it is recognised that some of this balance may be required to reduce the overall Council overspend should management action not bring

the budget in balance. Budget movements will be actioned within approved levels and if any further approval is required, this will be reported through to the appropriate Committee.

## 7. General Fund Balance

- 7.1. 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 2015/16 the minimum balance required is £2.896m. The Financial Strategy, agreed by Council on 26 February 2015, anticipates a level of reserves by year end of £14.9m. 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 5 below:

**Table 5: Projected General Fund Balance As At 31 March 2016**

|   | (£'000)       |
|---|---------------|
| General Fund Balances as at 1 April 2015      | 15,206        |
| Budgeted contribution to General Fund Balance | 409           |
| This report – projected outturn (overspend)   | (4,135)       |
| <b>Projected Balance at 31 March 2016</b>     | <b>11,480</b> |

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

Revenue & Capital Budget 2015/16  
Financial Rules

**Appendices**

1 - Service Area Pressures and Actions 2015/16  
2 - Amendments to Original Budget 2015/16

**Appendix 1****Service Area Pressures and Actions 2015/16**Summary

|                                | Full year          |                    |                  | RAGY     |
|--------------------------------|--------------------|--------------------|------------------|----------|
|                                | Budget             | Forecast           | Variance         |          |
| £                              | £                  | £                  |                  |          |
| <b>Adult Services</b>          | 70,868,000         | 75,797,274         | 4,929,274        | R        |
| <b>Children Services</b>       | 53,962,550         | 53,961,983         | (567)            | Y        |
| <b>Commissioning</b>           | 82,272,860         | 82,631,082         | 358,222          | G        |
| <b>Public Health</b>           | 2,041,890          | 1,985,006          | (56,884)         | Y        |
| <b>Resources &amp; Support</b> | 7,545,360          | 7,262,296          | (283,064)        | Y        |
| <b>Corporate</b>               | (848,100)          | (1,660,151)        | (812,051)        | Y        |
| <b>Total</b>                   | <b>215,842,560</b> | <b>219,977,490</b> | <b>4,134,930</b> | <b>R</b> |

Detail

| ADULT SERVICES  |  | Full year         |                   |                  | RAGY     |
|---|--|-------------------|-------------------|------------------|----------|
|   |  | Budget            | Forecast          | Variance         |          |
|   |  | £                 | £                 | £                |          |
| <b>Total</b>  |  | <b>70,868,000</b> | <b>75,797,274</b> | <b>4,929,274</b> | <b>R</b> |
| <b>Adult Business Support &amp; Development</b>   | <b>Portfolio Holder Adult Services and Local Commissioning (South)</b> | 2,183,850         | 1,953,503         | (230,347)        | Y        |
| Current underspend within training and grant income held here to offset pressures in the purchasing budgets.  |  |                   |                   |                  |          |
| <b>Contracts &amp; Provider</b>   | <b>Portfolio Holder Adult Services and Local Commissioning (South)</b> | 7,377,860         | 6,836,630         | (541,230)        | Y        |
| The underspends in internally provided services are kept under continual review and used flexibly as in house services are redesigned and recommissioned to meet the changing needs of service users.   |  |                   |                   |                  |          |
| <b>Social Care Operations</b>   | <b>Portfolio Holder Adult Services and Local Commissioning (South)</b> | 54,591,650        | 60,284,300        | 5,692,650        | R        |
| The purchasing element of this budget is overspending by £5.4m. This is an increase of £1.7m since Quarter 1. Since Quarter 1 a significant amount of new pressure has been added to purchasing budgets from 292 new clients. The service continues to see pressure from Capital Reduction cases and hospital related expenditure. These pressures are subject to in depth scrutiny in order to evaluate strategies to minimise the pressure wherever possible. In addition there continues to be pressures arising as a result of legislative changes around Deprivation of Liberty Safeguards (DOLs) and the impact of the transfer of the Independent Living Fund to local administration. An £800,000 contribution from ASC reserves has been notionally applied at this point in the year to assist with managing this pressure. This will be reviewed as the year progresses. |  |                   |                   |                  |          |
| <b>Adult Services Management</b>  | <b>Portfolio Holder Adult Services and Local Commissioning (South)</b> | 2,201,910         | 2,201,477         | (433)            | Y        |
| Minor variation from budget projected as at Quarter 2.  |  |                   |                   |                  |          |
| <b>Housing Health &amp; Wellbeing</b>   | <b>Portfolio Holder Adult Services and Local Commissioning (South)</b> | 4,512,730         | 4,521,364         | 8,634            | G        |
| Minor variation from budget projected as at Quarter 2.  |  |                   |                   |                  |          |

| <b>ADULT SERVICES</b> | <b>Full year</b> |          |          | <b>RAGY</b> |
|-----------------------|------------------|----------|----------|-------------|
|                       | Budget           | Forecast | Variance |             |
|                       | £                | £        | £        |             |

| <b>CHILDRENS SERVICES</b> | <b>Full year</b>  |                   |              | <b>RAGY</b> |
|---------------------------|-------------------|-------------------|--------------|-------------|
|                           | Budget            | Forecast          | Variance     |             |
|                           | £                 | £                 | £            |             |
| <b>Total</b>              | <b>53,962,550</b> | <b>53,961,983</b> | <b>(567)</b> | <b>G</b>    |

|  |  |            |            |          |          |
|--|--|------------|------------|----------|----------|
| <b>Learning &amp; Skills</b>   | <b>Deputy Leader of the Council; Portfolio Holder Children's Services, Transformation and Safeguarding</b> | 24,078,620 | 24,059,613 | (19,007) | <b>Y</b> |
| Minor variation from budget projected as at Quarter 2, after applying a one off allocation from reserves of £0.813m to support the £1.36m reduction in Education Services Grant. |  |            |            |          |          |
| <b>Children's Safeguarding</b>   | <b>Deputy Leader of the Council; Portfolio Holder Children's Services, Transformation and Safeguarding</b> | 28,949,490 | 28,988,851 | (639)    | <b>Y</b> |
| Minor variation from budget projected as at Quarter 2.   |  |            |            |          |          |
| <b>Group Manager Costs</b>   | <b>Deputy Leader of the Council; Portfolio Holder Children's Services, Transformation and Safeguarding</b> | 894,440    | 913,519    | 19,079   | <b>G</b> |
| Minor variation from budget projected as at Quarter 2.   |  |            |            |          |          |

| <b>COMMISSIONING</b> | <b>Full year</b>  |                   |                | <b>RAGY</b> |
|----------------------|-------------------|-------------------|----------------|-------------|
|                      | Budget            | Forecast          | Variance       |             |
|                      | £                 | £                 | £              |             |
| <b>Total</b>         | <b>82,272,860</b> | <b>82,631,082</b> | <b>358,222</b> | <b>G</b>    |

|  |  |                |                |                |          |
|--|--|----------------|----------------|----------------|----------|
| <b>Director of Commissioning</b>                       | <b>Portfolio Holder Leisure, Libraries and Culture</b> | 686,100        | 684,426        | (1,674)        | <b>Y</b> |
| Minor variation from budget projected as at Quarter 2. |  |                |                |                |          |
| <b>Director of Commissioner Total</b>                  |  | <b>686,100</b> | <b>684,426</b> | <b>(1,674)</b> | <b>Y</b> |

|  |   |         |         |         |          |
|--|---|---------|---------|---------|----------|
| <b>Local Commissioning</b>                             | <b>Portfolio Holder Business Growth, ip&amp;e and Commissioning (North)</b> | 307,430 | 302,965 | (4,465) | <b>Y</b> |
| Minor variation from budget projected as at Quarter 2. |   |         |         |         |          |
| <b>Community Action</b>                                | <b>Portfolio Holder Business Growth, ip&amp;e and</b>                       | 864,570 | 857,904 | (6,666) | <b>Y</b> |

| COMMISSIONING   |   | Full year         |                   |                 | RAGY     |
|---|---|-------------------|-------------------|-----------------|----------|
|   |   | Budget            | Forecast          | Variance        |          |
|   |   | £                 | £                 | £               |          |
|   | <b>Commissioning (North)</b>  |                   |                   |                 |          |
| Minor variation from budget projected as at Quarter 2.  |   |                   |                   |                 |          |
| <b>LJC Locality Commissioning</b>   | <b>Portfolio Holder Business Growth, ip&amp;e and Commissioning (North)</b> | 158,550           | 155,698           | (2,852)         | <b>Y</b> |
| Minor variation from budget projected as at Quarter 2.  |   |                   |                   |                 |          |
| <b>Local Commissioning Total</b>  |   | <b>1,330,550</b>  | <b>1,316,567</b>  | <b>(13,983)</b> | <b>Y</b> |
| <b>Area Commissioner North – Positive Activities</b>  | <b>Portfolio Holder Leisure, Libraries and Culture</b>                      | 404,930           | 457,959           | 53,029          | <b>A</b> |
| The start date for new provision is now later than originally planned (September 2015 rather than April 2015). In order to cover interim Positive Activities staffing and direct delivery costs, LJC pro-rata allocations have been made for 2015/16. The infrastructure support budget has also been reduced for 2015/16 in order to reflect the revised start date of the infrastructure contract. However, it is forecast that not all interim costs will be offset by these two budget amendments.  |   |                   |                   |                 |          |
| <b>Area Commissioner North - Libraries</b>  | <b>Portfolio Holder Leisure, Libraries and Culture</b>                      | 4,121,270         | 4,159,964         | 38,694          | <b>G</b> |
| Local discussions and negotiations around transfer of smaller libraries to community organisations have been underway for some time now and different models are beginning to develop, however this work has taken longer than originally anticipated. It is planned that at least four libraries will transfer to community organisations within 2015/16, at which point savings will begin to transpire.  |   |                   |                   |                 |          |
| <b>Area Commissioner North - Markets</b>  | <b>Portfolio Holder Business Growth, ip&amp;e and Commissioning (North)</b> | 56,790            | 39,475            | (17,315)        | <b>Y</b> |
| Minor variation from budget projected as at Quarter 2.  |   |                   |                   |                 |          |
| <b>Area Commissioner North - Waste</b>  | <b>Portfolio Holder Business Growth, ip&amp;e and Commissioning (North)</b> | 26,601,480        | 26,703,993        | 102,513         | <b>G</b> |
| The majority of Waste's unachieved savings have been offset on a one-off basis by the saving that has been incurred during the commissioning period of the Energy Recovery Facility. £0.100m of the unachieved savings is currently being projected as not offset, however the final tonnage of waste treated at the ERF during the commissioning period is not yet known, and therefore this variance is subject to change. The rates liability of the ERF is also not yet known, and once available has the potential to significantly affect the projected variance. |   |                   |                   |                 |          |
| <b>Area Commissioner North</b>  | <b>Portfolio Holder Business Growth, ip&amp;e and Commissioning (North)</b> | 235,520           | 185,230           | (50,290)        | <b>Y</b> |
| Variance on employee costs due to the postholder's secondment.  |   |                   |                   |                 |          |
| <b>Area Commissioner North Total</b>  |   | <b>31,419,990</b> | <b>31,546,621</b> | <b>126,631</b>  | <b>G</b> |
| <b>Area Commissioner South – Environmental Maintenance</b>  | <b>Portfolio Holder Highways &amp; Transport</b>                            | 27,296,930        | 27,296,930        | 0               | <b>G</b> |
| There are areas of budget pressure surrounding the Ringway contract which may result in additional expenditure. Further updates will be provided should these arise.  |   |                   |                   |                 |          |
| <b>Area Commissioner South – Highways &amp; Transport</b>   | <b>Portfolio Holder Highways &amp; Transport</b>                            | 5,093,720         | 5,464,500         | 370,780         | <b>R</b> |
| There is a net overspend attributable to Concessionary Fares.   |   |                   |                   |                 |          |

| COMMISSIONING  |   | Full year         |                   |                | RAGY     |
|--|---|-------------------|-------------------|----------------|----------|
|  |   | Budget            | Forecast          | Variance       |          |
|  |   | £                 | £                 | £              |          |
| <b>Area Commissioner South – Passenger Transport</b>   | <b>Portfolio Holder Highways &amp; Transport</b>                            | 841,520           | 841,517           | (3)            | Y        |
| Minor variation from budget projected as at Quarter 2.   |   |                   |                   |                |          |
| <b>Area Commissioner South – Leisure</b>   | <b>Portfolio Holder Leisure, Libraries and Culture</b>                      | 3,419,510         | 3,383,893         | (35,617)       | Y        |
| Operating efficiencies at in-house leisure facilities, and underspends on central budgets, are forecast to more than offset maintenance pressures at commissioned facilities.                                  |   |                   |                   |                |          |
| <b>Area Commissioner South</b>   | <b>Portfolio Holder Adult Services and Commissioning (South)</b>            | 316,520           | 311,332           | (5,188)        | Y        |
| Minor variation from budget projected as at Quarter 2.   |   |                   |                   |                |          |
| <b>Area Commissioner South Total</b>   |   | <b>36,968,200</b> | <b>37,298,173</b> | <b>329,973</b> | <b>G</b> |
|  |   |                   |                   |                |          |
| <b>Business Growth &amp; Prosperity – Arts</b>   | <b>Portfolio Holder Leisure, Libraries and Culture</b>                      | 204,330           | 202,296           | (2,034)        | Y        |
| Minor variation from budget projected as at Quarter 2.   |   |                   |                   |                |          |
| <b>Business Growth &amp; Prosperity - Enterprise &amp; Business</b>  | <b>Portfolio Holder Business Growth, ip&amp;e and Commissioning (North)</b> | 831,320           | 847,560           | 16,240         | G        |
| Minor variation from budget projected as at Quarter 2.   |   |                   |                   |                |          |
| <b>Business Growth &amp; Prosperity - Visitor Economy</b>  | <b>Portfolio Holder Business Growth, ip&amp;e and Commissioning (North)</b> | 1,849,350         | 1,893,115         | 43,765         | G        |
| There are a number of small variations resulting from minor delays in implementing savings plans and new income generation.  |   |                   |                   |                |          |
| <b>Business Growth &amp; Prosperity - Outdoor Recreation</b>   | <b>Portfolio Holder Leisure, Libraries and Culture</b>                      | 1,676,360         | 1,681,812         | 5,452          | G        |
| Minor variation from budget projected as at Quarter 2.   |   |                   |                   |                |          |
| <b>Business Growth &amp; Prosperity - Theatre Severn</b>   | <b>Portfolio Holder Leisure, Libraries and Culture</b>                      | 599,780           | 512,872           | (86,908)       | Y        |
| The Theatre continues to grow and develop, with the aim of reducing overall net costs. As at Quarter 2 (whilst there is still uncertainty for the remainder of the year) income for 2015/16 appears promising. |   |                   |                   |                |          |
| <b>Business Growth &amp; Prosperity - Infrastructure &amp; Growth</b>  | <b>Portfolio Holder Business Growth, ip&amp;e and Commissioning (North)</b> | 165,950           | 162,247           | (3,703)        | Y        |
| Minor variation from budget projected as at Quarter 2.   |   |                   |                   |                |          |
| <b>Business Growth &amp; Prosperity – Strategic Planning</b>   | <b>Portfolio Holder Planning, Housing and Commissioning (Central)</b>       | 824,560           | 796,575           | (27,985)       | Y        |
| There are a number of minor variations mainly within staffing budgets.   |   |                   |                   |                |          |
| <b>Business Growth &amp; Prosperity – Regulatory Services</b>  | <b>Portfolio Holder Planning, Housing and Commissioning (Central)</b>       | 5,213,080         | 5,188,614         | (24,466)       | Y        |
| Minor variation from budget projected as at Quarter 2.   |   |                   |                   |                |          |

| <b>COMMISSIONING</b>                                   | <b>Full year</b>  |                   |                 | <b>RAGY</b> |
|--|---|-------------------|-----------------|-------------|
|  | Budget  | Forecast          | Variance        |             |
|  | £   | £                 | £               |             |
| <b>Business Growth &amp; Prosperity – Management</b>   | <b>Portfolio Holder Planning, Housing and Commissioning (Central)</b> | 503,290           | 500,206         | (3,084)     |
| Minor variation from budget projected as at Quarter 2. |   |                   |                 |             |
| <b>Business Growth &amp; Prosperity Total</b>          | <b>11,868,020</b>   | <b>11,785,297</b> | <b>(82,723)</b> | <b>Y</b>    |

| <b>PUBLIC HEALTH</b> | <b>Full year</b> |                  |                 | <b>RAGY</b> |
|----------------------|------------------|------------------|-----------------|-------------|
|                      | Budget           | Forecast         | Variance        |             |
|                      | £                | £                | £               |             |
| <b>Total</b>         | <b>2,041,890</b> | <b>1,985,006</b> | <b>(56,884)</b> | <b>Y</b>    |

|   |                                |           |           |          |          |
|---|--------------------------------|-----------|-----------|----------|----------|
| <b>Public Health</b>  | <b>Portfolio Holder Health</b> | 2,041,890 | 1,985,006 | (56,884) | <b>Y</b> |
| Expected underspend in Council Funded Public Health Services including Registrars, Coroners and Emergency planning. |                                |           |           |          |          |

| <b>RESOURCES &amp; SUPPORT</b> | <b>Full year</b> |                  |                  | <b>RAGY</b> |
|--------------------------------|------------------|------------------|------------------|-------------|
|                                | Budget           | Forecast         | Variance         |             |
|                                | £                | £                | £                |             |
| <b>Total</b>                   | <b>7,545,360</b> | <b>7,262,296</b> | <b>(283,064)</b> | <b>R</b>    |

|   |   |           |           |           |          |
|---|---|-----------|-----------|-----------|----------|
| <b>Commercial Services</b>  | <b>Portfolio Holder Resources, Finance, and Support</b> | 3,921,300 | 3,689,090 | (232,210) | <b>Y</b> |
| A total underspend of £0.232m has been identified in Commercial Services excluding Shire Services. A new income stream has been identified in the Sustainability budget which has resulted in £0.094m additional income from Solar Panels Installed on School Buildings. There is a further underspend of £0.043m in relation to efficiencies from Commissioning back services. Other savings have been realised on the disposal or vacation of surplus assets in the region of £0.191m. Overspends totalling £0.081m mostly in Estates and Facilities. This relates mainly to overspends across a number of properties, plus a £0.015m pressure on Gypsy Site Income. An exercise has begun to review the budgets in these areas and re-align the budgets accordingly. |   |           |           |           |          |

|   |   |         |           |         |          |
|---|---|---------|-----------|---------|----------|
| <b>Customer Involvement</b>   | <b>Portfolio Holder Resources, Finance, and Support</b> | 912,450 | 1,227,243 | 314,793 | <b>R</b> |
| It has been identified early in the year that there is a reduction in external income earned by the Customer Service Centre relating to the contract for services provided to ST&RH, this has generated an overspend of £0.116m. Savings targets of £0.074m have been identified as unachievable in full and solutions are being investigated. Additionally IT Services have delayed savings of £0.310m in relation to the rollout of Lync and telecoms, a part year saving should be achievable and this is being progressed. The saving of £0.062m relating to implementation of Equitrac has not been achieved in 2015/16 delivery for 16/17 is not confirmed due to implementation issues which are currently being investigated to see if they can be resolved. The corporate WAN contract dual running period initially anticipated to run until the end of June 2015, has had to be extended and may now need to run until the end of December. The reasons for this extended dual running period are problems and delays in getting the BT WAN installed at all Council sites, this has resulted in an unbudgeted cost of £1m. Additional budget pressures have also been identified in relation to the council's licensing requirement in 15/16 resulting in a projected overspend of £0.5m as a result of a broadening of the Microsoft agreement in place and transition costs as the Council moves to new software systems. These additional costs relating to the WAN contract and the software licensing costs are being funded in 2015/16 with a contribution from the Resources Efficiency Reserve (£1.5m) which includes specific money set aside for IT development. This delay reduces the amount of redevelopment funding for IT. The historic overspend in Print and Mail services is being addressed in 2015/16 by a service redesign and the projected overspend in year is forecast to be £0.017m, this will be resolved fully by 2016/17. Savings have been identified of £0.134m from staffing reductions across customer involvement to offset some of the overspends. |   |         |           |         |          |

|  |   |           |           |           |          |
|--|---|-----------|-----------|-----------|----------|
| <b>Finance, Governance &amp; Assurance</b>   | <b>Portfolio Holder Resources, Finance, and Support</b> | 1,435,550 | 1,320,213 | (115,337) | <b>Y</b> |
| An overspend has been identified within the Revenues and Benefits teams, a staffing restructure has recently |   |           |           |           |          |

| RESOURCES & SUPPORT  |   | Full year        |                  |                  | RAGY     |
|--|---|------------------|------------------|------------------|----------|
|  |   | Budget           | Forecast         | Variance         |          |
|  |   | £                | £                | £                |          |
| <b>Total</b>   |   | <b>7,545,360</b> | <b>7,262,296</b> | <b>(283,064)</b> | <b>R</b> |
| taken place in order to address this issue in the future and the current overspend is being reviewed with the aim to reduce this in year. The forecast overspend resulting partly from grant reductions has been resolved in year by the reallocation of base budget of £0.170m no longer considered to be required and additional in year vacancy management savings of £0.033m in Financial Advice. Savings of £0.113m have been identified across various teams within FG&A and these have come from vacancy management, reduced planned spending on software and supplies and services, and additional one off income. |   |                  |                  |                  |          |
| <b>Human Resources &amp; Development</b>   | <b>Portfolio Holder Resources, Finance, and Support</b> | 83,600           | 91,569           | 7,969            | G        |
| Some additional costs have been projected in relation to the Northgate ResourceLink contract extension. There is also a shortfall in income projected in First Aid and HR Advice. These unfavourable variances are partly offset by minor in-year vacancy management savings. Furthermore, there is an unachieved saving in 15/16 of £0.049m identified, however additional external income of 0.061m has now been identified.   |   |                  |                  |                  |          |
| <b>Legal, Democratic &amp; Strategy</b>  | <b>Portfolio Holder Resources, Finance, and Support</b> | 699,210          | 532,039          | (167,171)        | Y        |
| An overall underspend on Legal & Democratic Services of £0.120m has been identified. Underspends identified on Members Services of £0.014m (mainly from Printing £0.007m) with a further £0.048m savings on Members Allowances. Vacancy management savings within Committee Services and across Strategic Planning has contributed a further £0.110m. Some additional income in Legal Services has been identified in relation to work undertaken on S106 agreements. Of the previously unachievable red savings of £0.097m, £0.070m has now been achieved, with the balance to be achieved by 2016/17.                    |   |                  |                  |                  |          |
| <b>Strategic Management Board</b>  | <b>Portfolio Holder Resources, Finance, and Support</b> | 493,250          | 402,142          | (91,108)         | Y        |
| The forecast underspend relates to an additional income stream of £0.062m that has been identified following the budget setting process. The remaining underspends are in relation to in-year vacant management savings.   |   |                  |                  |                  |          |

| CORPORATE  |   | Full year        |                    |                  | RAGY     |
|--|---|------------------|--------------------|------------------|----------|
|  |   | Budget           | Forecast           | Variance         |          |
|  |   | £                | £                  | £                |          |
| <b>Total</b>   |   | <b>(848,100)</b> | <b>(1,660,151)</b> | <b>(812,051)</b> | <b>Y</b> |
| <b>Corporate Budgets</b>   | <b>Portfolio Holder Resources, Finance, and Support</b> | (848,100)        | (1,660,151)        | (812,051)        | Y        |
| There are currently £1.160m of unachieved savings in 2015/16, these are planned to be achieved by 2016/17 and have been temporarily funded by identifying alternative corporate budgets that have been held but can be uncommitted in the current financial year. The other overspend in corporate budgets is in relation to the QICS PFI contract costing more than budget resulting in an overspend of £0.116m, additional overspends are due to ongoing non-distributable costs and added years pensions costs. Savings of £0.564m have been identified on a one-off basis in 15/16 from MRP in relation to an underspend on the capital programme. Other savings across various budget headings relating mainly to staffing recharges and Treasury Management have also been identified. |   |                  |                    |                  |          |
| The Council currently holds a number of corporate budgets in relation to funding changes received in the Final Budget Settlement for 2015/16, Council Tax Freeze Grant, Section 31 grants (relating to, for example small business rate relief) and Business Rate appeals provision that are currently uncommitted. It is planned for these balances to be used for ICT developments in the current financial year and any further commitments will be contributed to earmarked reserves. However it is recognised that some of this balance may be required to reduce   |   |                  |                    |                  |          |

| <b>CORPORATE</b>  | <b>Full year</b> |          |          | <b>RAGY</b> |
|---|------------------|----------|----------|-------------|
|   | Budget           | Forecast | Variance |             |
|   | £                | £        | £        |             |
| the overall Council overspend should management action not bring the budget in balance. Budget variances will be actioned within approved levels and if any further approval is required, this will be reported through to the appropriate Committee. |                  |          |          |             |

**Appendix 2****Amendments to Original Budget 2015/16**

|   | Total<br>£'000 | Adult<br>Services<br>£'000 | Children's<br>Services<br>£'000 | Commissi<br>oning<br>£'000 | Public<br>Health<br>£'000 | Resources<br>& Support<br>£'000 | Corporate<br>£'000 |
|---|----------------|----------------------------|---------------------------------|----------------------------|---------------------------|---------------------------------|--------------------|
| Original Budget as agreed by Council    | <b>215,842</b> | 70,410                     | 54,893                          | 82,190                     | 1,934                     | 7,766                           | (1,350)            |
| <u>Quarter 1</u>                        |                |                            |                                 |                            |                           |                                 |                    |
| Youth Centre Facility budgets           | <b>0</b>       | 0                          | 0                               | (267)                      | 0                         | 267                             | 0                  |
| Other minor structure changes           | <b>0</b>       | 0                          | 29                              | 0                          | 39                        | (68)                            | 0                  |
| IT post to Regulatory Services          | <b>0</b>       | 0                          | 0                               | 40                         | 0                         | (40)                            | 0                  |
| Shrewsbury Town Council Contract Budget | <b>0</b>       | 0                          | 0                               | 29                         | 0                         | 0                               | (29)               |
| <u>Quarter 2</u>                        |                |                            |                                 |                            |                           |                                 |                    |
| Internal market reallocation            | <b>0</b>       | 458                        | (1,053)                         | 376                        | 69                        | (382)                           | 531                |
| Other minor structure changes           | <b>0</b>       | 0                          | 93                              | (95)                       | 0                         | 2                               |                    |
| <b>Revised Budget</b>                   | <b>215,842</b> | <b>70,868</b>              | <b>53,962</b>                   | <b>82,273</b>              | <b>2,042</b>              | <b>7,545</b>                    | <b>(848)</b>       |