Committee and Date
Cabinet
28th November 2018

FINANCIAL MONITORING REPORT – QUARTER 2 2018/19

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1. Summary

1.1 The report sets out the projected revenue expenditure for the whole of 2018/19 as at Quarter 2, and for capital sets out the expenditure up to the end of Quarter 2. For capital, any budget increases and decreases and any re-profiling of budgets between 2018/19 and future years are also set out for decision making.

1.2 The revenue monitoring within this report is based on financial information held for the first six months of the year, extrapolated to year end to produce an estimated outturn position. As the year progresses and further financial information becomes available, the quality of the estimates used within this report are expected to increase.

1.3 Variances in the overall projected position for the Council do not yet reflect all management action that can be taken over the remaining months of the financial year. Management action identified to date, following the detailed service projections identified in Appendix 1, has the potential to bring the overspend position down to **£1.287m**. The management action included within this report (see table 5) includes a number of short term savings proposals to bring the budget into balance for this financial year, including proposals such as a spending freeze and use of grant monies. Where possible, these actions will be continued in following years, but in other cases the impact of the reductions can only be considered a short-term measure.

1.4 The report identifies the current projections on delivery of revenue 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 detail is provided in the report below). As at Quarter 2, evidence suggests that of the £15.541m of proposals to be delivered in 2018/19, £8.349m are rated as green – with a high degree of certainty of being delivered.

1.5 The Quarter 2 position indicates that £2.741m of the £15.541m savings planned are categorised as red, and further work is required within service areas to ensure that the total value of savings proposals is fully deliverable within the financial year. Furthermore, additional ongoing service pressures totalling a net value of £8.695m are being highlighted, which services will need to address alongside delivering their savings. These pressures have been partially offset by the identification of a number of one off savings in year.

1.6 The key issues highlighted by this report are that:

- The projected revenue outturn is an overspend of £1.287m.
- The projected General Fund balance as at 31 March 2019 is £14.024m, which is below the recommended level.
- Management action is required to bring the budget back into balance, as far as possible. As described below, the initial projected variance was within the 'red zone' and thus above what would be considered a 'reasonable' variance. A management action plan to bring the budget into balance is described below.

- The projected capital outturn is £72.722m, in line with the current budget. This follows a net budget increase decrease of £8.150m in Quarter 2.
- Current capital expenditure of £18.206m, representing 25% of the budget at Quarter 2, with 50% of the year elapsed.
- In 2019/20 and 2020/21 capital receipts are currently projected to be lower than those required for the programme to values of £6.240m and £8.512m respectively. Therefore, urgent action is required to progress further disposals identified in the current and future years.

2. Recommendations

It is recommended that Members:

A. Note that at the end of Quarter 2 (30th September 2018), the full year revenue forecast is a potential overspend of £1.287m;

B. Consider the impact of this on the Council's General Fund balance.

C. Consider the suggested management action that could be taken to reduce the forecast overspend to nil.

REPORT

3. Background

3.1 The monitoring reports track progress against agreed budget decisions, consider any budget changes (including re-profiling on Capital), forecast any significant variances to the budget, and enable corrective action to be taken to attempt to ensure a balanced budget at year end.

3.2 Revenue variances are reported on an exception 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)

3.3 In addition, given the level of savings proposals identified for delivery in 2018/19, this report also includes a second RAG rating, specifically relating to the delivery of savings. The ratings are as follows:

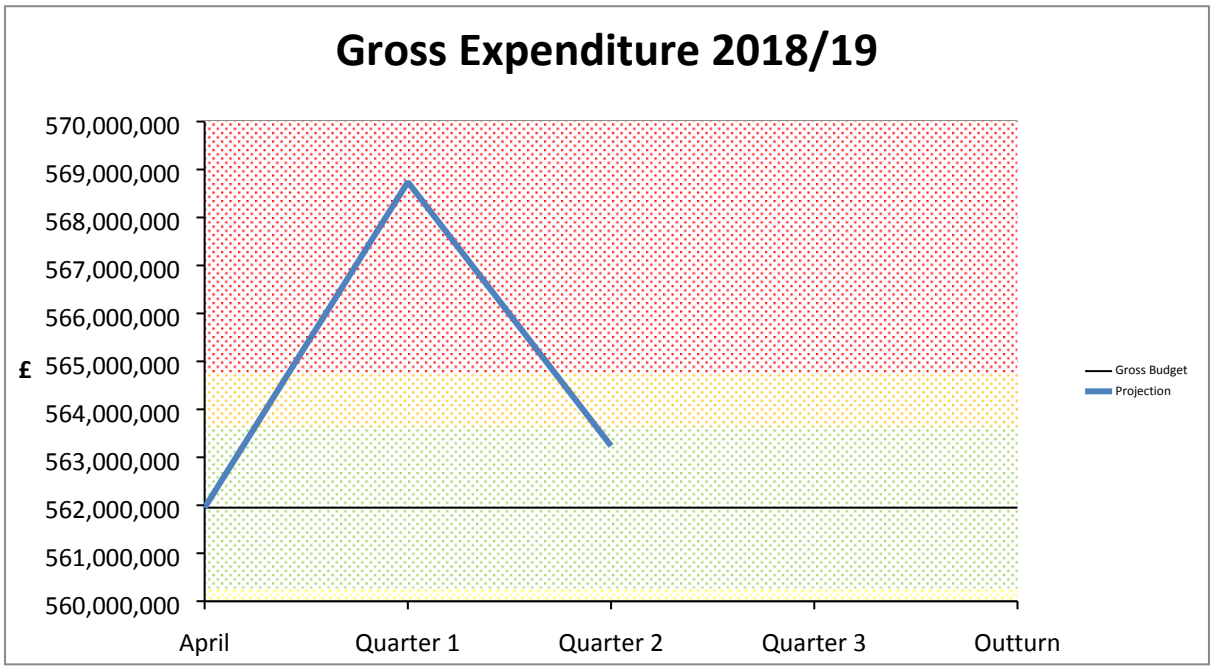
Green – Saving identified, quantified and confirmed
Amber – Saving identified but not yet confirmed
Red – Saving not achieved or unachievable

3.4 Capital schemes are also reported on an exception basis, based on being delivered within budget and the expectation of being delivered within scheme timeframe.

4. Revenue Monitoring 2018/19 Budget - Overall Position

4.1 The projected revenue forecast for the year at Quarter 2, shows a potential overspend of £1.287m (0.23%) on a gross budget of £561.950m (net £208.768m). The forecast year end position for the Council is revised each Quarter (monthly for Directors) 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 £1.287m is falling within the green banding as shown in Graph 1 below.

Graph 1: Projected Outturn Variance to Gross Budget



4.2 The Quarter 2 projection of £1.287m consists of initial headline projections for each service area, which gave a projected overspend of £8.209m, offset by management action proposals of £6.921m. The headline projections for each service area are shown below in Table 1 and analysed in more detail within Appendix 1. The projected variance of £8.209m will be used as the basis for considering next year's budget setting.

Table 1: 2018/19 Projected Budget Variations Analysed by Service Area

Service Area	Revised Budget £'000	Forecast Outturn £'000	(Under) / Overspend £'000	RAGY Classification
Adult Services	97,951	99,353	1,402	**A**
Central DSG	-	880	880	**R**
Children's Services	49,454	52,661	3,207	**R**
Commercial Services	1,134	2,480	1,346	**R**
Corporate Budgets	(28,919)	(29,366)	(448)	**Y**
Finance, Governance & Assurance	1,964	1,907	(58)	**Y**
Legal & Democratic Services	601	606	6	**G**
Place	81,686	82,887	1,201	**A**
Public Health	4,994	5,084	91	**A**
Strategic Management Board	7	(48)	(56)	**Y**
Workforce & Transformation	(103)	533	637	**R**
Total	**208,769**	**216,977**	**8,209**	**R**

4.3 At Quarter 1, a projected outturn variance of £6.790m was reported. The Quarter 2 projected position for service areas reflects an increase in projected net expenditure of £1.419m. This is predominantly for the following reasons:

- Increased forecast expenditure on adult social care placements
- Significantly increased forecast expenditure on Central DSG services, resulting in a net cost to the Council of those services
- Increased forecast expenditure on repairs and maintenance across the estate
- A delay to the achievement of savings within Workforce and Transformation; savings relating to the Council's single front door are now likely to be achieved from the end of the financial year

5. Update on Savings Delivery

5.1 The savings projections for 2018/19 have been RAG rated in order to establish the deliverability of the savings and any potential impact on the outturn projection for the 2018/19 financial year. RAG ratings have been categorised as follows:

Red – Savings are not solved on an ongoing basis, nor have they been achieved in the current financial year. These are reflected as unachieved within this monitoring report.

Amber – Savings have been identified on an ongoing basis in the current financial year, however there is no clear evidence to support the delivery as yet. The projected outturn within this report assumes these savings will be delivered (see 4.3 below).

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.

Table 2: Update on Delivery of 2018/19 Savings Proposals

Service Area	Red £'000	Amber £'000	Green £'000	Total Savings £'000
Adult Services	50	235	617	902
Central DSG	-	-	-	-
Children's Services	1,064	125	454	1,643
Commercial Services	500	2,700	171	3,371
Corporate Budgets	200	300	-	500
Finance, Governance and Assurance	-	200	1,200	1,400
Legal and Democratic Services	-	-	182	182
Place	-	500	5,266	5,766
Public Health	196	88	273	557
Strategic Management Board	-	-	-	-
Workforce and Transformation	731	303	186	1,220
Total Savings	**2,741**	**4,451**	**8,349**	**15,541**

5.2 The figures presented above show that 54% of the 2018/19 savings required have been rated as green with a further 29% with plans in place to be delivered (rated amber). Paragraph 6.2 below provides further detail on the red savings.

5.3 Managers 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 savings could impact on the outturn position for 2018/19. As the year progresses, these amber savings should gradually turn to green as the evidence becomes available. However, if the amber rated savings are not delivered as planned, the effect on the outturn position is shown in Table 3 below.

5.4 Non-delivery of the amber rated savings (and no management action) would result in a projected outturn of £574.609m, which would fall within the critical zone within Graph 1, representing expenditure over £572.000m.

Table 3: Effect of Non-Delivery of Amber Savings in 2018/19

	Quarter 2 Projected Variance £'000	Amber Savings £'000	Potential Outturn if Amber Savings not Achieved £'000
Adult Services	1,402	235	1,637
Central DSG	880	-	880
Children's Services	3,207	125	3,332
Commercial Services	1,346	2,700	4,046
Corporate Budgets	(448)	300	(148)
Finance, Governance & Assurance	(58)	200	142
Legal & Democratic Services	6	-	6
Place	1,201	500	1,701
Public Health	91	88	179
Strategic Management Board	(56)	-	(56)
Workforce & Transformation	637	303	940
Total	**8,209**	**4,451**	**12,659**

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 2018/19 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 Projection £000	Savings Pressure in 2018/19 £000	Ongoing Monitoring Pressures Identified £000	Ongoing Monitoring Savings Identified £000	One Off Monitoring Pressures Identified £000	One Off Monitoring Savings Identified £000
Adult Services Business Support & Development	(210)	-				(210)
Provider Services	(46)	-	141			(187)
Social Care Operations	1,599	50	2,875		200	(1,526)
Adult Services Management	62	-			62	
Housing Services	(3)	-			235	(238)
Adult Services	1,402	50	3,016	-	497	(2,161)
Central DSG	880	-	1,411			(531)
Central DSG	880	-	1,411	-	-	(531)
Learning & Skills	877	634	206		126	(90)
Children's Social Care & Safeguarding	1,963	430	991		1,394	(852)
Early Help, Partnerships and Commissioning	366	-	455		1	(90)
Children's Services Management	1	-	-	-	1	-
Children's Services	3,206	1,064	1,652	-	1,523	(1,032)
Corporate Landlord	404	-	895			(491)
Strategic Asset Management	233	-	339			(106)
Property Services	175	-	320			(146)
Shire Services	-	-				
Head of Commercial Services	535	500	35			
Commercial Services	1,346	500	1,589	-	-	(743)
Corporate Budgets	(448)	200	-	(300)	2,329	(2,677)
Corporate Budgets	(448)	200	-	(300)	2,329	(2,677)
Finance, Governance & Assurance	(69)	-	254		334	(658)
Commissioning Development & Procurement	11	-	16			(5)
Finance, Governance and Assurance	(58)	100	271	-	234	(663)
Legal & Democratic Services	6	-			254	(248)
Legal and Democratic Services	6	-	-	-	254	(248)
Director of Place	(40)	-	-	-	-	(40)
Economic Growth	347	-	-	-	366	(19)
Infrastructure & Communities	894	-	831	(50)	1,404	(1,291)
Place	1,201	-	831	(50)	1,770	(1,350)
Public Health - Ring Fenced	-	-				
Public Health - Non Ring Fenced	91	141	129	-	108	(287)
Public Health	91	141	129	-	108	(287)
Strategic Management Board	(56)	-				(56)
Strategic Management Board	(56)	-	-	-	-	(56)
Technology & Communications	2	-	95		265	(358)
ICT Digital Transformation	830	731			99	
Human Resources & Development	(153)	-				(153)
Information, Intelligence & Insight	(43)	-		(43)		
Workforce and Transformation	636	731	95	(43)	364	(511)

TOTAL	**8,209**	**2,686**	**8,995**	**(393)**	**7,179**	**(10,259)**

6.2 The 2018/19 savings projected not to be delivered within the Quarter 2 position relate to:

- Use of capital funding to reduce the cost of high cost adult social care placements
- Reduced provision of home to school transport, a proportion of the current restructure saving within Learning and Skills, and reduced costs of safeguarding placements, within Children's Services
- Efficiencies within administrative buildings, within Commercial Services
- Increased treasury management income within Corporate Budgets
- Reduced maintenance of closed churchyards, innovation within Help2Change and reduced posts within Regulatory Services, within Public Health
- Redesign of the Council's single front door, and the voluntary redundancy programme, within Workforce and Transformation.

More detail on these is provided within the relevant service sections of Appendix 1.

6.3 Other ongoing pressures include:

- increased purchasing pressures, and a projected reduction in joint funded placement income from Shropshire CCG, within adult social care;
- increased expenditure within the High Needs Block of Central DSG
- loss of income, notably DSG, within Learning and Skills
- increased numbers and complexity of residential and foster placements, and increased agency costs, within Children's Safeguarding
- unachieved savings carried forward from previous years relating to Family Hubs, within Early Help, Partnerships and Commissioning
- increased property costs within Corporate Landlord
- reduced income within Property Services and Strategic Asset Management
- increased agency staff and postage costs within Revenues and Benefits within Finance, Governance and Assurance
- increased costs of concessionary fares and increased street lighting energy costs within Infrastructure and Communities
- unachieved savings carried forward relating to CCTV provision, within Public Health
- reduction in SLA income, and unfunded expenditure relating to Credit Union, within Technology and Communications

Some ongoing savings have been identified to mitigate these pressures, but these equate to approximately 1% of the level of the pressures. Therefore, significant further work is required within service areas to find an ongoing basis for managing and funding these pressures so that further growth is not required within the Financial Strategy, leading to an increase in the funding gap.

7. Suggested Management Action to Bring the Budget into Balance

7.1 The outturn position reflects the part year effect of the pay award that was agreed by Council on 17th May 2018. Cabinet have agreed some potential

savings that would be used to fund the pay award, but these have not been included within the monitoring position at Quarter 2 as they have not been consulted upon, and Council has not formally agreed them. However, the proposed savings, totaling £1.288m, are included within the list of suggested management action required in order to bring the budget into balance. Table 6, below, lists the proposed action required. In addition to making new savings not yet formally approved, the management action can be summarised as funding expenditure from capital budgets where possible, drawing down reserve and grant balances where available, applying additional one-off sources of funding, and applying an in-year spending freeze.

Table 5: Proposed Management Action Required within 2018/19

Management Action	**Impact on Monitoring Position (£'000)**
Fund eligible repairs and maintenance expenditure from capital receipts, rather than from the revenue budget	-1.216m
Fund additional expenditure as a result of last year's severe weather from the severe weather reserve	-1.100m
Apply one-off corporate funding	-0.400m
Apply one-off VAT refund received in year	-0.500m
Apply surplus insurance fund balance	-0.280m
Draw down forecast remaining Syrian resettlement grant balance	-0.250m
Fund eligible occupational therapy expenditure from the Disabled Facilities Grant (Capital)	-0.700m
Apply new adult social care allocation for winter pressures (local allocation of £240m national funds)	-1.394m
Achieve in-year savings within Legal and Democratic Services	-0.055m
Utilise Public Health reserve to fund eligible services	-0.500m
Apply additional School Improvement Monitoring and Brokering Grant	-0.038m
Apply a spending freeze across the Council. The spending freeze is anticipated to deliver between £0.250m and £1.500m, but the lower figure has been included at this point.	-0.250m
Draw down historical reserve balances no longer required	-0.239m
Social Care Allocation from Government Budget Announcement	TBC
Pothole Funding Allocation from Government Budget Announcement	TBC
TOTAL	**-6.921m**

7.2 The action suggested above would reduce the forecast overspend to £1.287m.

8. General Fund Balance

8.1. The effect on the Council's reserves of the outturn forecast is detailed below. The Council's policy on reserve balances is to have a General Fund balance (excluding schools balances) of between 0.5% and 2% of the gross revenue budget. For 2018/19 the minimum balance required would therefore be £2.810m, although this is no longer considered to be an acceptable guide.

8.2. The more appropriate risk based target balance for the General Fund, as calculated in the Robustness of Estimates and Adequacy of Reserves 2017-23, reported to Council on 14th February 2018, is £17.081m in 2018/19, rising to £18.830m in 2019/20 and to £40.037m by 2022/23. These figures were significantly increased within the review, reflecting the remaining funding gap in these years as set out in the Financial Strategy, and the significant level of risk associated with the uncertainty over a number of funding sources that have not yet been confirmed as part of the multi-year settlement that the Council has signed up to. At the time of the report it was noted that the projected balance of the General Fund would be below £17.081m during 2018/19.

8.3. Based on the current monitoring position the General Fund balance would be significantly below the required target, as shown in table 5 below.

Table 6: Projected General Fund Balance as at 31 March 2019

	£'000
General Fund Balance as at 31 March 2018	15,311
This Report – Projected Outturn Under/(Over)spend	(1,287)
Projected Balance at 31 March 2019	**14,024**

8.4 The outturn position reflects the part year effect of the pay award that was agreed by Council on 17th May 2018. Cabinet have agreed some potential savings that would be used to fund the pay award, but these have not been included as yet as these have not been consulted on, and Council has not formally agreed these. Therefore, the General Fund balance projected above should increase once the savings proposals have been formally agreed, and this pressure is resolved. The revised projected General Fund balance once the savings for the pay award have been reflected is £15.312m.

9. Movement in Capital Programme for 2018/19

9.1 The capital budget for 2018/19 is continuously being monitored and changed to reflect the nature of capital projects which can be profiled for delivery over several years. In Quarter 2 there has been a net budget decrease of £8.150m for 2018/19, compared to the position reported at Quarter 1 2018/19. Table 6 summarises the overall movement, between that already approved, changes for Quarter 2 and the programme financing.

Table 7: Revised Capital Programme Quarter 2 2018/19

Detail	Agreed Capital Programme - Council 23/02/18	Budget changes approved to Quarter 1 2018/19	Q2 budget changes to be approved	Revised 2018/19 Capital Programme Q2
General Fund				
Place & Enterprise	31,151,398	13,764,787	(653,430)	44,262,755
Adult Services	1,509,968	5,829,513	(1,500,000)	5,839,481
Public Health	300,000	146,592		446,592
Childrens Services	9,210,167	1,269,076	(2,796,862)	7,682,381
Resources & Support	6,060,200	98,759		6,158,959
Total General Fund	**48,231,733**	**21,108,727**	**(4,950,292)**	**64,390,168**
Housing Revenue Account	5,166,075	6,365,724	(3,200,000)	8,331,799
Total Approved Budget	**53,397,808**	**27,474,451**	**(8,150,292)**	**72,721,967**
Financing				
Self Financed Prudential Borrowing	8,197,000	(974,239)	(512,000)	6,710,761
Government Grants	28,969,300	12,769,728	298,771	42,037,799
Other Grants	2,541	16,235	1,004,244	1,023,020
Other Contributions	207,699	1,659,240	630,182	2,497,121
Revenue Contributions to Capital	-	5,125,532	(3,029,241)	2,096,291
Major Repairs Allowance	4,526,210	1,944,474		6,470,684
Corporate Resources (expectation - Capital Receipts only)	11,495,058	6,933,481	(6,542,248)	11,886,291
Total Confirmed Funding	**53,397,808**	**27,474,451**	**(8,150,292)**	**72,721,967**

9.2 Within the financing of the Capital Programme £2.096m is funded from revenue contributions. The major areas of revenue contributions to capital are £1.139m approved towards essential repairs in relation to the Corporate Landlord estate and £0.677m in ringfenced HRA monies to undertake major housing stock repairs and new build schemes.

9.3 Full details of all budget changes are provided in Appendix 2 to this report. Significant budget changes across the life of the programme in Quarter 2 are:

Budget Increases

- Additional budget of £2.020m for The Tannery development to be financed through Prudential Borrowing.
- Announcement of £1.336m successful funding award from the Department of Transport's Safer Roads Fund in relation to the A529 in Shropshire.
- Announcement of the 2018/19 Schools Devolved Formula Capital Grant award of £0.464m.
- Award of new Department for Education Healthy Pupils Capital Grant (HPCG) of £0.227m.
- Successful grant award of £0.016m for the installation of Rapid Electric Vehicle Charge Points.
- New grant funding of £0.082m for Flood and Water Management Schemes.
- Rural Payments Agency grant of £0.296m awarded to Severn Valley Country Park to expand visitor centre.
- ERDF grant of £0.759m to fund the Ludlow Assembly Rooms project.
- Confirmation of £0.142m Section 106 Developer Contributions funding in the capital programme.
- £0.503 Arts Council England and Ludlow Assembly Rooms private match for the Ludlow Assembly Rooms refurbishment project.
- Increase of £0.147m in revenue contributions to capital funding.
- £0.466m additional capital receipts as Shropshire Council match funding element of ERDF grant relating to Ludlow Assembly Rooms refurbishment project.

Budget Decreases

- Reduction of £0.280m in prior approved borrowing costs for the Car Park Strategy to reflect updated costs and revenue type expenditure.
- Removal of £0.077m grant from the capital programme on completion of gypsy traveller sites refurbishment schemes.

Budget Re-profiling

- **Place & Enterprise:** re-profiling of £6.051m to future years for various schemes to reflect expected completion dates, expected expenditure and scheme delivery plans including:
  - £2.500m Broadband project budget;
  - £2.000m Tannery project budget;
  - £0.350m Shrewsbury Sports Village 3G Pitch Replacement budget.
  - £0.325m In Vessel Composting Facility budget;
- **Adult Services:** re-profiling to 2019/20 of £1.000m HOLD grant unallocated budget which will not be required in 2018/19.
- **Adult Services:** re-profiling to 2019/20 of £0.500m unallocated Disabled Facilities Grant to reflect the expected level of expenditure in 2018/19.
- **Children's Services:** re-profiling of £3.000m unallocated Basic Need budget which will not be required in 2018/19 to 2019/20.
- **Children's Services:** re-profiling to 2019/20 of £0.500m Devolved Formula Capital grant to reflect the expected level of expenditure in 2018/19.
- **HRA:** re-profiling of £3.200m to 2019/20 in relation to Phase 5 of the New Build Programme.

10. Actual versus Planned Expenditure to Date

10.1 The actual capital expenditure at Quarter 2 is £18.206m, which represents 25% of the revised capital budget at Quarter 2, 50% of the year. This is slightly low in comparison to the total budget, and also low compared with the average expenditure percentage at this period in previous years. The low percentage for actual capital expenditure is primarily due to two factors: embedding processes for the new highways maintenance contract and slippage in delivery of Phase 3 of the Broadband project. All budgets are fully allocated to projects and will be monitored for levels of spend throughout the remainder of the year. Based on recent years, the capital programme has out-turned at around 85% of the outturn budget, which on average has been around 20% lower than the budget at this point in the year, due to further re-profiling later in the year.

10.2 The level of spend is slightly low across the programme in some areas, but equal to the level of spend in the previous year at this period. In terms of the major areas the spend position is as follows: Place & Enterprise 24% (budget £44.263m), Adult Social Care 16% (budget £5.839m), Public Health 16% (budget £0.447m), Resources & Support 22% (budget £6.159m), Children's Services 34% (budget £7.682m), HRA Major Repairs & New Build Programme 30% (budget £8.332m).

11. Capital Receipts Position

11.1 The current capital programme is heavily reliant on the Council generating capital receipts to finance the capital programme. There is a high level of risk in these projections as they are subject to changes in property and land values, the actions of potential buyers and being granted planning permission on sites. Table 7 below, summarises the current allocated and projected capital receipt position across 2018/19 to 2020/21. A RAG analysis has been included for capital receipts projected, based on the current likelihood of generating them by the end of each financial year. Those marked as green are where they are highly likely to be completed by the end of the financial year, amber are where they are achievable but challenging and thus there is a risk of slippage, and red are highly unlikely to complete in year and thus there is a high risk of slippage. However, no receipts are guaranteed to complete in this financial year as there may be delays between exchanging contracts and completing.

Table 7: Projected Capital Receipts Position

Detail	2018/19 £	2019/20 £	2020/21 £	2021/22 £
Corporate Resources Allocated in Capital Programme	11,886,291	8,786,850	114,288	-
Capital Receipts used to finance redundancy costs				
To be allocated from Ring Fenced Receipts	5,705,098	6,789,688	2,157,456	-
Total Commitments	**17,591,389**	**15,576,538**	**2,271,744**	**-**
Capital Receipts in hand/projected:				
Brought Forward in hand	20,857,133	4,986,373	(6,240,165)	
Generated 2018/19YTD	1,381,279	-	-	-
Projected - 'Green'	339,349	4,350,000	-	-
Total in hand/projected	**22,577,762**	**9,336,373**	**(6,240,165)**	**-**
Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward	**(4,986,373)**	**6,240,165**	**8,511,909**	**-**
Further Assets Being Considered for Disposal	**10,793,145**	**4,670,000**	**-**	**-**

11.2 Capital receipts of £20.857m were brought forward from 2017/18 and £1.381m has been generated to date in 2018/19. A further £0.339m is currently projected as 'Green' for 2018/19, which mainly relates to the sale of HRA housing stock under Right to Buy. Capital receipts currently projected have fallen significantly from those reported at Quarter 1 (£2.769m) as receipts for Shrewsbury Golf Course Pitch & Putt and a former school site are now anticipated to be realised in 2019/20 and sale of a small holding is no longer progressing due to a pending review of whole small holding estate . Based on the revised capital programme and delivering all the receipts profiled as Green for 2018/19, the programme is affordable and there will be a balance of receipts of £4.986m to carry forward.

11.3 In 2019/20 and 2020/21 there are currently projected shortfalls of capital receipts of £6.240m and £8.512m respectively, which may need to be financed from Prudential Borrowing if they cannot be addressed by progressing the disposals programmed for future years. There is still a pressure, therefore, to progress the disposals programmed for future years, to ensure that they are realised, together with realising the revenue running cost savings from some of the properties. Considerable work is required to realise these receipts, with generally a lead in time of at least 12 to 18 months on larger disposals. In addition to the current expenditure commitments, the programme will also grow as new schemes are approved through the Capital Investment Board or if the

Council further utilises the new flexibilities around the use of capital receipts for transformational revenue purposes over the 2-year period to 2018/19.

11.4 It is important that work progresses, to minimise the funding shortfall in future years. Failure to generate the required level of capital receipts will result in the need to further reduce or re-profile the capital programme, some of which will occur naturally as part of the review of the delivery of schemes; or undertake prudential borrowing, which will incur future year revenue costs that are not budgeted for in the revenue financial strategy.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information) Financial Strategy 2018/19-2022/23 Financial Rules
Appendices 1. Service Area Pressures and Actions 2018/19 2. Amendments to Original Revenue Budget 2018/19 3. Capital Budget and Expenditure 2018/19

Appendix 1

Service Area Pressures and Actions 2018/19

Summary

Directorate	Budget £	Forecast £	Variance £	RAGBY
Adult Services	97,951,060	99,353,311	1,402,251	A
Central DSG	-	879,801	879,801	R
Children's Services	49,454,290	52,661,030	3,206,740	R
Commercial Services	1,133,570	2,480,027	1,346,457	R
Corporate Budgets	(28,918,880)	(29,366,430)	(447,550)	Y
Finance, Governance & Assurance	1,964,300	1,906,618	(57,682)	Y
Legal & Democratic Services	600,810	606,425	5,615	G
Place	81,685,750	82,886,947	1,201,197	A
Public Health	4,993,580	5,084,412	90,832	A
Strategic Management Board	7,210	(48,377)	(55,587)	Y
Workforce & Transformation	(103,240)	533,315	636,555	R
TOTAL	**208,768,450**	**216,977,079**	**8,208,629**	R

Detail

ADULT SERVICES	Full year			RAGY
	Budget	Forecast	Variance	
	£	£	£	
Total	97,951,060	99,353,311	1,402,251	A

Adult Services Business Support & Development	**Portfolio Holder Health & Adult Social Care**	3,392,660	2,914,930	(209,940)	Y
There is an underspend within Business Support and Development of (£0.210m) which is largely due to a number of managed variances across the service. These are not sustainable beyond the short-term, but are not expected to impact on service delivery in 2018/19. A summary of the major variances are as follows: • (£0.049m) projected underspend on Business Support staffing and costs associated with the posts, due to delays in appointing to vacant posts. • (£0.130m) projected underspend on Joint Training and the Professional Development Unit of which (£0.065m) relates to delays in appointing to vacant posts and the remaining (£0.063m) is an underspend on the delivery of training. • (£0.031m) projected underspend/increased sales on Welfare to Work initiatives.					
Provider Services	**Portfolio Holder Health & Adult Social Care**	5,381,110	5,335,039	(46,071)	Y
There is a projected underspend within Provider Services of (£0.046m) which is due to a number of variances across the service which are not sustainable beyond the short-term, but which are not expected to impact on service delivery in 2018/19. The major variances are as follows: • (£0.018m) projected underspend relating to preventative services contracts • (£0.139m) projected underspend across all Day Services. (£0.069m) is due to a Management restructure and in year vacancies. (£0.038m) is due to variances in working budgets such as transport recharges, office costs, equipment and furniture replacement and the remaining (£0.032m) is due to an overachievement of day centre income due to additional health funded clients • £0.141m projected on-going overspend relating to Four Rivers Nursing Home, due to higher than budgeted					

staff costs, including agency, and reduced income from CHC and FNC • (£0.030m) projected underspend relating to the Start team, due to staff vacancies					
Social Care Operations	**Portfolio Holder Health & Adult Social Care**	81,856,840	83,456,147	1,599,307	A
An overspend of £1.599m is forecast within the Social Care Operations section of Adult Services. To date in 2018/19 we have seen approximately 1,072 new clients since 1st April, costing in the region of £8.488m for this financial year. Some of this additional cost has been offset by people leaving the system and through the review of existing care packages to reduce care where suitable. The major variances are as follows: • £0.089m projected overspend within Assistive Services, which is in relation to the purchasing of occupational therapy equipment • £0.029m projected overspend on transport costs • £0.123m projected on-going overspend on property costs within Supported Living accommodation • £2.809m projected overspend on the net cost of purchasing. The growth model was re-run in June which increased the purchasing projections. There are still concerns over whether this new growth model is sufficiently estimating costs going forward. Small percentage differences in numbers and cost have a large impact on the outturn position. • (£0.867m) one-off use of improved Better Care Fund (iBCF) monies. • (£0.583m) projected underspend on all operational social work staffing due to delays in appointing to a number of staff vacancies					
Adult Services Management	**Portfolio Holder Health & Adult Social Care**	2,757,560	2,819,426	61,866	A
There is an overall overspend of £0.062m due to one-off contract spend.					
Housing Services	**Portfolio Holder Health & Adult Social Care**	4,560,890	4,559,979	(2,911)	Y
Minor variation from budget at Quarter 2.					

CENTRAL DSG		**Full year**			**RAGY**
		Budget	**Forecast**	**Variance**	
		£	£	£	
Central DSG	**Portfolio Holder Children's & Young People**	0	879,801	879,801	R
There is a forecast overspend of £1.411m against the Central DSG budget. £0.531m of this overspend could be funded by the balance of DSG funding carried forward from 2017/18, however that leaves a projected deficit of £0.880m. The forecast overspend relates to the High Needs Block of DSG where the projected expenditure is £1.403m higher than the budgeted centrally controlled High Needs Block of DSG of £18.537m. The budget pressures relate to top-up funding to mainstream settings (£0.672m) and independent special school placements (£0.702m). The overspend on independent special school placements mirrors the national picture being reported by the f40 group of local authorities during a recent survey of high needs costs pressures. The responses concluded increasing demand for independent special school placements, and higher contributions from education towards joint social care placements signalling increasing complexity of children's needs.					

CHILDREN'S SERVICES	**Full year**			**RAGY**
	Budget	**Forecast**	**Variance**	

		£	£	£	
Total		49,454,290	52,661,031	3,206,741	R

Learning & Skills	**Portfolio Holder Children's & Young People**	19,462,340	20,339,329	876,989	R
The latest monitoring position reflects unachieved 2018/19 savings of £0.634m. £0.596m relates to the Home to School Transport budget where the 2018/19 savings target is subject to a home to school transport policy review. A paper is being drafted to present various savings opportunities, their value and timeline for their achievement given that some strategies will require extensive consultation and a Cabinet decision. Some strategies, if implemented would need to be on a phased approach. There is a realistic plan for these savings to be delivered in 2019/20. The remaining £0.038m relates to a £0.116m savings target against Learning and Skills Business Support where a staffing restructure has realised £0.078m of the proposed savings in year, with the remaining £0.038m expected to be achieved in 2019/20 at the latest. As well as unachieved savings targets, Learning and Skills' forecast overspend results from reductions in Central Government grants. Although some growth was built into the 2018/19 budget to negate for most of the loss of grant, £0.194m remains as an ongoing pressure and relates specifically to the loss of Dedicated Schools Grant funding. This was a direct result of a baselining exercise undertaken by the Department for Education to remove any Dedicated Schools Grant funding that did not meet strict criteria that constitutes a historic spending commitment, but that fund statutory functions that the Council is required to undertake. There is also an ongoing budget pressure in Governor Services. Reduced SLA income is anticipated and there is likely to be a downward trend in income as the demand for traditional Governor support services has started to reduce as schools have federated under one governing body, while others join multi-academy trusts (MATs). This shortfall in income has been largely managed in year through one-off vacancy management savings while the service reviews its offer to schools. The net forecast overspend or ongoing pressure is £0.012m. Additionally, there is a forecast overspend of £0.054m in Home to School Transport as a consequence of an increase in the Special Education Needs cohort. An overspend of £0.038m relates to traded services that have ceased at the end of the 2017-18 Summer Term. The traded income that has been received for the Summer Term has been less than the costs of providing these traded services for the same period. This is a one-off monitoring pressure since no costs will be incurred in 2019/20. The cost pressures above are partially offset by one-off underspends totalling £0.055m where services are carrying temporary vacancies.					
Children's Social Care & Safeguarding	**Portfolio Holder Children's & Young People**	27,199,300	29,162,307	1,963,007	R
A projected unachieved 2018/19 savings target around reductions to external placement costs accounts for £0.430m of the £1.963m projected overspend. There are several strategies in place to deliver these savings which have yet to impact on the savings plan. Firstly, Children's Safeguarding are committed to increasing foster placement sufficiency so that the Council can care for more looked after children within a family environment. This is not only in the best interests of the majority of looked after children but will lead to significant financial savings. The aim is to increase the pool of foster carers and look to identify and support foster carers with looking after more complex children. This will reduce demand for expensive residential provision. In addition to this, a strategy to develop additional in-house residential provision has been being explored with a view that internal provision could deliver savings through supporting a few of the most complex children at a lower cost than the market rate. This residential work is being prioritised at a senior level and agreement has been sort to appoint a Project Manager to ensure that this strategy is implemented as soon as possible. Due to the longer term nature of these strategies, it is anticipated that the £0.430m will not be achieved in this financial year. Although there is a view within the service that these strategies will deliver significant savings, there are some external risk factors that may impact on these savings being achieved. These include on-going placement disruption for our most complex young people resulting in children moving from foster placements to high cost residential placements and a continued high number of children coming into care through care proceedings.					

Further, to the unachieved saving relating to placement costs, there is a forecast ongoing monitoring pressure of £0.735m relating to external residential care and all foster care placements. This means that the overall pressure on external residential care and all foster care placements is £1.165m. The service is satisfied that the children and young people coming into the care of Shropshire Council in this financial year are children that need to be in the care system. The service has experienced increasing complexity of Shropshire's looked after children. This is reflecting the national picture with all Local Authorities reporting increasingly complex children. There is a continued drive to reduce higher cost residential placements for children where it is appropriate and this will have a positive impact on the budget. It is notable that this is a volatile area where costs can change significantly in year. An ongoing monitoring pressure of £0.088m relates to increased capacity built into the Children's Placement Service to enable the recruitment of more carers and retain and support current carers. A business case was approved as part of the strategy to increase foster placement sufficiency described above. In addition to the above there is an ongoing pressure of £0.139m relating to Unaccompanied Asylum Seeking Children (UASC). Although some growth was built in to the 2018/19 budget in anticipation of this continuing pressure from 2017/18 this has been insufficient. Central Government funds a proportion of these costs through a weekly value based on the child's age. Previously the Council has managed to fund these costs within the grant funding available but due to some complex safeguarding needs and high flight risks there has been a need to place some children in high cost placements that are not fully funded, placing a pressure on the service. There are 3 UASC currently in high cost residential placements which will mean an on-going cost pressure to the service in 2018/2019 however plans are in hand to reduce the cost of the high cost placements. There is an on-going budget pressure of £0.330m caused by agency staffing costs in the social work teams. This pressure has continued from previous years. It is necessary to ensure that children who are looked after, on a Child Protection Plan or in children in need of a plan are adequately supported in line with statutory timescales and this will dictate that sickness, maternity or temporary vacancy must be covered in the interim through agency staff. There is also a heavy reliance on agency social workers due to the number of social worker vacancies and the challenges in recruiting to vacant posts. To address this issue the service has appointed 11 ASYE (assessed and supported year in employment) social workers starting from September. Albeit not immediately, this should reduce this cost pressure by the end of the financial year as these staff can be given caseloads currently being covered by more expensive agency staff. The service are also considering other strategies to attract and retain social workers. The remaining £0.241m forecast overspend relates to one-off monitoring pressures on non-staffing budgets such as transport recharges and interpreting fees across several teams. The issues of rising demand for high cost residential placements and cost pressures from agency social workers are not local to Shropshire and are reflected nationally.					
Early Help, Partnerships and Commissioning	**Portfolio Holder Children's & Young People**	2,366,400	2,732,513	366,113	R
The projected overspend in Early Help is the result of an unachieved saving around Early Help Family Hubs that has carried forward from previous years. An Early Help Family Hubs report was approved by Cabinet on 17th January proposing to consult formally with the public, key stakeholders and staff on a new delivery model for Early Help Services. A report was presented to Cabinet at the end of September on Phase 2 of the Early Help Family Hubs strategy to feedback on the consultation around specific hub locations and seeking approval for the locations of Early Help Hubs. The proposed delivery model will deliver the outstanding savings totalling in Early Help by March 2019, consequently this forecast overspend is being categorised as a one-off monitoring pressure.					
Children's Services Management	**Portfolio Holder Children's & Young People**	426,250	426,881	631	G
Minor variation from budget at Quarter 2.					

COMMERCIAL SERVICES	Full year			RAGY
	Budget	Forecast	Variance	
	£	£	£	
Total	1,133,570	2,180,027	1,046,457	R

Corporate Landlord	**Portfolio Holder Corporate Support**	3,364,930	3,768,905	403,975	R
The repairs and maintenance budget is extremely pressurised and is responsible for £0.435m of the £0.404m total overspend. There is a backlog of essential works and these are being managed in accordance with reserves to safeguard the budget and the estate for future years. In year savings on utilities and rates have offset budget pressures on income, rents and cleaning.					
Strategic Asset Management	**Portfolio Holder Corporate Support**	(2,139,250)	(1,905,983)	233,267	R
Vacancy management has created a projected underspend of (£0.061m) offset by income from Shrewsbury Shopping Centres, projected to be £2.4m for 2018/19. The £52m investment in the Shopping Centres was built in to the Minimum Revenue Provision (MRP) Policy although, in the short term the acquisition was funded from cash balances with no requirement to borrow. In the short-term the gross return on the investment significantly exceeds expectations, and this is partially due to the recent change in the Council's MRP Policy. The net overall benefit is split between the Corporate Budget (MRP) below and rental income shown here. The overall return on the Shopping Centre investment is therefore in excess of the budgeted return for 2018/19. Whilst the retail sector continues to change we are developing a proactive and strategic approach to leaseholder management.					
Property Services	**Portfolio Holder Economic Growth**	(38,350)	136,243	174,593	R
An anticipated income shortfall of £0.320m has been identified based on knowledge of works planned for this financial year and comparing with income in previous years. The service area will continue to look for commercial opportunities to bridge this gap, whilst monitoring their resources in accordance with this. The service are holding a number of vacancies which total (£0.111m) and will partially offset the income pressure, as well as projected savings on supplies and services budgets (£0.034m).					
Shire Services	**Portfolio Holder Corporate Support**	262,450	262,450	0	Y
No variation from budget at Quarter 2.					
Head of Commercial Services	**Portfolio Holder Economy & Growth**	(316,210)	218,412	534,622	R
A £0.500m pressure comes from an unachieved saving, and a further £0.035m on recruiting to a key post that had not been budgeted for.					

CORPORATE BUDGETS	Full year			RAGY
	Budget	Forecast	Variance	
	£	£	£	
Total	(28,918,880)	(29,366,430)	(447,550)	Y

Corporate Budgets	**Portfolio Holder Finance**	(28,918,880)	(29,366,430)	(447,550)	Y

An underspend has been identified within Corporate Budgets due to corporate pension budgets that will be uncommitted during the year (£1.066m), and corporate inflation that was budgeted but is no longer required (£1.450m). This has been offset by the part year costs of the pay award £2.329m that was agreed by Council on 17th May 2018. Once the pay award has been implemented, accurate projections will be able to be included for each directorate, but until that time, the pressure will be shown against Corporate Budgets. There is also an overspend of £0.195m identified relating to partially unachieved savings targets for Treasury Management. Work is ongoing to identify how the remaining target can be met. This has been offset by MRP savings relating to the shopping centre investment partially arising from the change in MRP Policy. In year savings of (£0.074m) have been identified relating to non-distributable costs, (£0.040m) relating to reduced expenditure on staffing and subscription, a further (£0.032m) from savings on estimated audit fees.	

FINANCE, GOVERNANCE & ASSURANCE	**Full year**			**RAGY**
	Budget	**Forecast**	**Variance**	
	£	£	£	
Total	1,964,300	1,906,618	(57,682)	Y

Finance, Governance & Assurance	**Portfolio Holder Finance**	1,790,380	1,721,277	(69,103)	Y
There are projected are savings relating to both vacancy and budget management within Audit and Treasury, totalling (£0.072m) and (£0.050m) respectively. An over-spend of £0.049m within Finance is projected, due to increased system costs; a one-off necessity to manage the change of systems to the ERP. Revenues and Benefits is projected to deliver a small variance of £0.005m. In the previous month the service area had been projected to over-spend by £0.241m, however detailed modelling around the level of housing benefit subsidy and repayments has been undertaken between periods. This has guided a swing in projection of (£0.200m) which should mitigate the swing at year end. This is the first time at projecting this mid-year so caution must be taken on the projected out-turn. Additionally, a reduction on the levels of agency staff has reduced this pressure to £0.065m, and plans are in place to eliminate all reliance on agency staff for the 2019/20 financial year. The service area continues to hold an unidentified savings target of £0.315m which is projected to be offset in year but will remain a pressure in future years.					
Commissioning Development & Procurement	**Portfolio Holder Corporate Support**	173,920	185,341	11,421	G
Minor variation from budget at Quarter 2.					

LEGAL & DEMOCRATIC SERVICES	**Full year**			**RAGY**
	Budget	**Forecast**	**Variance**	
	£	£	£	
Total	600,810	606,425	5,615	G

Legal & Democratic Services	**Portfolio Holder Corporate Support**	600,810	606,425	5,615	G

Increased pressures specifically relating to child care cases are projected to result in an overspend of £0.245m in this area. However, in year savings have been identified of (£0.077m) relating to vacancy management efficiencies across the service. Additional income of (£0.117m) has been received in relation to election services for parishes, and a further (£0.037m) has been secured by providing election services to another local authority.	

PLACE		**Full year**			**RAGY**
		Budget	**Forecast**	**Variance**	
		£	£	£	
Total		81,685,750	82,886,948	1,201,198	A

Director of Place	**Portfolio Holder Communities, Waste & Regulatory Services**	618,310	578,301	(40,009)	Y
The post was vacant since the departure of the previous post holder in April, but has since been filled, leading to an underspend against the budget.					
Director of Place Total		618,240	576,911	(40,009)	Y

Planning Services	**Portfolio Holder Planning & Housing Development**	1,263,890	1,628,992	365,102	R
There is reduced income from Land Charges/Searches resulting from fewer applications. In addition, there is reduced income from Planning Applications, however, further analysis in this area indicates that this is due to a small drop in large, high value applications, overall application numbers and enforcement caseloads are actually higher. And finally, there has been an increase in caseloads (enforcement/dangerous structures) for the Building Control Team.					
Economic Growth	**Portfolio Holder Economy & Growth**	878,140	858,796	(19,344)	Y
Minor variation from budget at Quarter 2.					
Broadband	**Portfolio Holder Economy & Growth**	234,710	234,710	0	G
No variation from budget at Quarter 2.					
Planning Policy	**Portfolio Holder Planning & Housing Development**	464,800	465,703	903	G
Minor variation from budget at Quarter 2.					
Head of Economic Growth	**Portfolio Holder Economy & Growth**	143,960	144,165	205	G
Minor variation from budget at Quarter 2.					
Economic Growth Total		**2,985,500**	**3,332,366**	**346,866**	**R**

Head of Infrastructure & Communities	**Portfolio Holder Communities, Waste & Regulatory Services**	187,440	217,385	29,945	G
Temporary staff arrangements in this area have led to an overspend.					
Arts	**Portfolio Holder Culture & Leisure**	81,810	83,964	2,154	G
Minor variation from budget at Quarter 2.					

Community Enablement	**Portfolio Holder Communities, Waste & Regulatory Services**	928,330	842,348	(85,982)	Y
The underspend is due to a number of post-holders who have left through voluntary redundancy and will not be replaced.					
Environmental Maintenance	**Portfolio Holder Highways & Transport**	25,185,650	25,879,356	693,706	R
As a consequence of the severe and prolonged winter, there have been a significant number of potholes/defects to be rectified, this had led to a requirement for additional gangs in order to remove the backlog. In addition, the increase in the cost of Street Lighting electricity has been greater than anticipated.					
Highways & Transport	**Portfolio Holder Highways and Transport**	5,761,500	6,403,289	641,789	R
There are variances expected as the anticipated additional income from car parking will only materialise as the strategy is rolled out and income is received. The 'Grey Fleet' (Casual Car user allowance) saving has had initial trials and will be fully rolled out, however, the full saving will only be delivered when the scheme is fully implemented. There are additional costs anticipated in relation to public transport provision and concessionary fares reimbursements to bus operators. Finally, temporary staff arrangements have led to a further overspend.					
Outdoor Partnerships	**Portfolio Holder Culture and Leisure**	1,344,450	1,343,883	(567)	Y
Minor variation from budget at Quarter 2.					
Shropshire Hills AONB	**Portfolio Holder Culture & Leisure**	61,970	72,970	11,000	G
Minor variation from budget at Quarter 2.					
Leisure	**Portfolio Holder Culture & Leisure**	3,319,310	3,391,436	72,126	A
Variances include vacancy management, reduced expected income at our in-house leisure facilities, one-off equipment purchase to improve security, and a contribution for continued increased support to a facility.					
Libraries	**Portfolio Holder Culture & Leisure**	3,968,470	3,957,143	(11,327)	Y
Minor variation from budget at Quarter 2.					
Locality Commissioning	**Portfolio Holder Communities, Waste & Regulatory Services**	282,830	232,380	(50,450)	Y
A Cabinet decision earlier in the financial year has led to a reduction in the budget (£0.043m) for youth commissioning from 2018/19. Further underspends have been identified on the room hire budget for youth activities.					
Theatre Services	**Portfolio Holder Culture & Leisure**	347,400	252,107	(95,293)	Y
Although only half way through the year, sales at this point indicate a promising year for the Theatre.					
Museums and Archives	**Portfolio Holder Culture & Leisure**	1,768,030	1,755,078	(12,952)	Y
Minor variation from budget at Quarter 2.					
Waste Management	**Portfolio Holder Communities, Waste & Regulatory Services**	34,717,450	34,421,480	(295,970)	Y
An underspend in relation to the PFI contract is anticipated, due to the estimated landfill tonnage being lower than budgeted for.					
Culture and Heritage Manager	**Portfolio Holder Culture & Leisure**	127,300	123,461	(3,839)	Y
Minor variation from budget at Quarter 2.					

Infrastructure & Communities Total		**78,081,940**	**78,976,281**	**894,341**	**A**

PUBLIC HEALTH		**Full year**			**RAGY**
		Budget	**Forecast**	**Variance**	
		£	£	£	
Total		4,993,580	5,084,412	90,832	G

Coroners & Bereavement Services	**Portfolio Holder Health & Adult Social Care**	199,990	209,079	9,089	G
Minor variation from budget at Quarter 2.					
Multi Agency	**Portfolio Holder Health & Adult Social Care**	889,800	1,118,957	229,157	R
Overall an overspend of £0.229m is projected due to a number of variances across the service. The major variances are: • £0.021m projected overspend on the Healthy Child Development Programme as a result of a change in management structure whereby the previous postholder was funded from the Public Health ring fenced grant. • £0.204m overspend in Community Safety, which is as a result of unachieved savings and the cancellation of aged debtor invoices. The service is looking at ways of claiming funding towards the cost of management posts and other delivery models in order to try to achieve the required savings. The Links/Healthwatch service which aims to give patients, services users, carers and the wider public a say in the way that health and social care services are run has achieved savings of £0.068m; all contributions from the Council base budget have been withdrawn and the service is now funded purely from external funding. Savings of £0.039m on Targeted Mental Health in Schools and the Healthy Child Development Programme have been achieved through the removal of vacant posts and the reduction in scheme budgets.					
Public Health – Ring Fenced	**Portfolio Holder Health & Adult Social Care**	28,020	28,020	0	G
Officers within the ring fenced element of Public Health are working on a number of savings initiatives in order to bring the overall cost of the ring fenced services to within available funds in future years. These savings initiatives include increased income generation within the Help to Change service and the roll out of commercial activities such as Health TV. Currently there is a requirement for reserves to cover core budget of £0.207m in 2018/19 but the expectation is that the service will be entirely funded by grant income in 2019/20. The Public Health Grant has been cut by 2.6% in 2018/19 and is expected to be reduced by a further 2.6% in 2019/20.					
Trading Standards and Licensing	**Portfolio Holder Planning & Housing Development**	769,880	637,444	(132,436)	Y
An underspend of £0.132m is projected due to a number of vacant posts within the service; plans are in place to appoint to the vacant posts and therefore the underspend variance is not sustainable beyond the short term.					
Regulatory Services	**Portfolio Holder Planning & Housing Development**	2,887,890	2,850,732	(37,158)	Y
An underspend of £0.037m is projected due to a number of vacant posts within the service; plans are in place to appoint to the vacant posts and therefore the underspend variance is not sustainable beyond the short term.					
Registrars	**Portfolio Holder Health & Adult Social Care**	218,000	240,180	22,180	G
Minor variation from budget at Quarter 2.					

STRATEGIC MANAGEMENT BOARD	Full year			RAGY
	Budget	Forecast	Variance	
	£	£	£	
Total	7,210	(48,377)	(55,587)	Y

Strategic Management Board	Leader of the Council	7,210	(48,377)	(55,587)	Y
In year efficiencies have been achieved of (£0.051m) from a combination of vacancy and budget management within the PA team.					

WORKFORCE & TRANSFORMATION	Full year			RAGY
	Budget	Forecast	Variance	
	£	£	£	
Total	(103,240)	533,315	636,555	R

Technology & Communications	Portfolio Holder Corporate Support	262,070	263,975	1,905	G
Minor variation from budget at Quarter 2.					
ICT Digital Transformation	**Portfolio Holder Corporate Support**	(431,760)	398,240	830,000	R
The savings target of £1.000m relating to Digital Transformation is expected to be partly achieved in year. Currently £0.154m has been identified as achievable. Potential savings relating to the provision of face to face services have been identified, but these are not able to be delivered in year and are subject to approval. Work is being undertaken to identify how the remaining target can be achieved.					
Human Resources & Development	**Portfolio Holder Corporate Support**	54,080	(98,685)	(152,765)	Y
In year savings of (£0.142m) relating to vacancy management across teams has been achieved. Also, additional income generation for Occupation Health Services of (£0.009m) has been identified.					
Information, Intelligence & Insight	**Portfolio Holder Corporate Support**	12,370	(30,215)	(42,585)	Y
In year savings of (£0.039m) have been achieved relating to vacancy management.					

Appendix 2: Amendments to Original Revenue Budget 2018/19

	Total	Adult Services	Children's Services	Commercial Services	Corporate Budgets	Finance, Governance and Assurance	Legal and Demographic Services	Place	Public Health	Strategic Management Board	Workforce and Transformation
Original Budget as Agreed by Council	**208,768**	**97,846**	**49,628**	**1,021**	**(28,223)**	**1,917**	**579**	**81,500**	**4,888**	**0**	**(388)**
Quarter 1											
Additional 1% pay award budget allocation	**0**	153	151	32	(740)	68	18	155	67	6	91
Movement of premises budgets between service areas and Corporate Landlord	**0**	(5)	(106)	123				(12)			
Transfer of posts between Highways and Transport and Trading Standards and Licensing	**0**							(30)	30		
Q1 Revised Budget	**208,768**	**97,995**	**49,673**	**1,176**	**(28,963)**	**1,984**	**597**	**81,613**	**4,984**	**6**	**(297)**
Quarter 2											
Additional pay award for employees graded SCP19 and below	**0**	96	16	2	(201)	7	0	51	9	0	20
Allocation of voluntary redundancy savings, following delivery	**0**	(18)		(66)		(25)		(30)	(15)		154
Centralisation of budgets relating to historic pension costs	**0**	(167)	(60)		245	(18)		(0)			
Reallocation of internal market recharges	**0**	45	(175)	8	0	15	3	66	16	1	21
Movement of premises budgets between service areas and Corporate Landlord	**0**			13				(13)			
Q2 Revised Budget	**208,768**	**97,951**	**49,454**	**1,134**	**(28,919)**	**1,964**	**601**	**81,686**	**4,994**	**7**	**(103)**
Cumulative Budget Increase/(Decrease)	0	105	(174)	113	(696)	47	22	186	106	7	285

Details of virements over £500,000, reported to Cabinet for information

Quarter 2: None

Details of virements over £140,000 and below £500,000, reported to Cabinet for information

Quarter 2:

- A virement has taken place to allocate £0.201m funding across the Council in order to fund the additional pay award relating to employees on spinal column point 19 and below, each of whom received a pay award of between 3.7% and 9.2%.
- The savings budget relating to the voluntary redundancy savings is held within Workforce and Transformation, however as voluntary redundancy savings are made the savings are applied in the directorate where the redundancy has taken place. £0.154m savings have been made in 2018/19 and have been applied across the Council, and therefore a virement has taken place that increases the budget within Workforce and Transformation and reduces other directorate budgets where posts have been removed.

- A virement has taken place to move all historic pension cost budgets into Corporate Budgets. These budgets are management centrally and have been moved accordingly. £0.245m budgets have been moved into Corporate Budgets.
- A virement has taken place to reallocate internal market recharges relating to Human Resources. The way that the service's cost is apportioned across the Council has been recalculated, the effect of which has been that the recharge to Children's Services has reduced by £0.175m, and recharges to other directorates have increased by £0.175m in total.

Proposed virements between £500,000 and £1m for Cabinet approval

Quarter 2: None