

## Appendix 2 - Service Variance Narrative

Service	Variance Last Month £000	Variance This Month £000	Change £000	Description
Communities and Customers	-30	-63	-33	The increase in the underspend relates to a confirmed secondment role and a delay to planned works in libraries.
Education and Children's Service	538	692	154	This is despite new monies of £1.5M being allocated to Children's Services this financial year. The majority of the increase from last month is the financial impact of 1 new high cost residential placement. No costs have been included for any new placements commencing throughout the year that we don't currently know about. The budget will obviously be monitored carefully over the coming months, however it is welcome that the overspend in this area has remained close to the early projections.
Business Improvement and Modernisation	-47	-33	14	Underspend due to a vacancy saving and one-off external income for a specific project. The underspend will be placed in the new reserve set up to help fund future improvements to Ruthin Gaol.
Legal, HR and Democratic Services	-97	-91	6	Underspends due to vacancy savings following delay due to Covid 19 - minor changes across a range of areas accounts for the movement from last month. Small variations in a number of projections following conversation with managers has increased the underspend slightly this month.
Finance and Property	0	0	0	The overspend previously reported earlier in the year related to a shortfall in income due to the decision to forego rents for industrial units for April to July in response to the Covid pandemic alongside a reduction in income generally on the coastal portfolio. Most of this loss of income has now been approved and paid as part of Q1 Tranche 2, however doubts persist on how much will be received for Q2 and Q3 rental losses which may result in an overall overspend. The remaining costs are offset by vacancy savings (Chief Accountant post) due to the lockdown and an overall cost reduction exercise.
Highways, Facilities and Environmental Services	1,019	587	-432	The reduction in the overspend this month relates to Waste services where the overspend has reduced due to receiving £283k from WG towards extra costs as a result of covid following a review of eligible expenditure. Projections have now also been reduced for a number of vacant posts which are unlikely to be filled this financial year.
Planning and Public Protection	68	70	2	School Transport is currently projected to overspend by £309k, however it is assumed that the net overspend of £309k will be claimable from WG Covid Grant. If this is not the case then the overspend in PPP will increase by this amount.
Community Support Services	570	376	-194	The projection is due to additional costs over and above the £2.6m estimated and included in the budget for 2020/21. The main areas of concern are Homelessness and Community Care packages. The projection has been very difficult this year to the changing WG grants available and obviously the rapidly changing situation in Care Homes.
Leisure - ADM	221	221	0	This budget line holds the residual budgets associated with Leisure including the management fee that pays for the services that would be provided in a normal year. Denbighshire Leisure Limited (DLL) is reporting monthly to the Contract Management Board on the rapidly changing financial position in this area. The Council is claiming loss of income funding from Welsh Government on behalf of DLL. It is assumed losses over Q3 and Q4 will be refunded from WG as they have accepted the claims for Q1 & Q2
Corporate & Miscellaneous	0	0	0	See body of report for details
Precepts & Levies	0	0	0	There are no risks in this area
Capital Financing	0	0	0	The position on capital financing is very much related to progress on capital projects and variances do not crystallise until later in the financial year.
<b>Council Services &amp; Corporate Budget</b>	<b>2,242</b>	<b>1,759</b>	<b>-483</b>	