

Appendix 2 - Service Variance Narrative

Service	Variance Last Month £000	Variance This Month £000	Change £000	Description
Communities and Customers	-63	-111	-48	The increase in the underspend relates to a confirmed secondment role and adelay to planned works in libraries. The movement from last months is largely due to the confirmation of funding from the Q3 loss of income grant for cultural services.
Education and Children's Service	692	725	33	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 a further 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 current levels of overspend are reflected in the current Medium Term Financial Plan going forward.
Business Improvement and Modernisation	-33	-34	-1	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	-91	-100	-9	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. Income losses due to Covid have been funded by Welsh Government from the Covid Income Grant.
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 to Q3. The remaining costs are offset by vacancy savings (Chief Accountant post) due to the lockdown and an overall cost reduction exercise. The service has reduced the annual Repairs and Maintenance work due to Covid and if there is any service underspend at year end the service would like to carry that forward in order to 'catch up' with this work in 2021/22.
Highways, Facilities and Environmental Services	587	368	-219	The reduction in the overspend this month relates to the application of additional grant funding from Welsh Government. 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	70	-137	-207	The movement from last month relates to the impact of the ongoing decrease in transport costs due to the extension of lockdown after Christmas (still paying a number of contracts that are not being delivered due to Covid at 75%) and the receipt of the Q3 income loss grant.
Community Support Services	376	217	-159	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 have 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 for Q4 will be refunded from WG as they have accepted the claims for Q1, Q2 and Q3.
Corporate & Miscellaneous	0	-1,867	-1,867	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.
Council Services & Corporate Budget	1,759	-718	-2,477	