

**AGENDA MANAGEMENT SHEET**

**Name of Committee** Cabinet  
**Date of Committee** 8 September 2005  
**Report Title** Projected 2005/2006 Revenue Net Spend as at Quarter 1  
**Summary**

**For further information please contact:**

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**Would the recommended decision be contrary to the Budget and Policy Framework?** No.

**Background papers** Projected spend and budget monitoring papers held by individual service departments.

**CONSULTATION ALREADY UNDERTAKEN:-**

- Other Committees
- Local Member(s)
- Other Elected Members  Cllr Mrs Tandy, Cllr Roodhouse, Cllr Booth & Cllr McCarney - for information
- Cabinet Member  Cllr Farnell & Cllr Cockburn - for comment
- Acting Chief Executive  Eric Wood - for information
- Legal  David Carter - for information
- Finance  David Clarke - reporting officer
- Other Chief Officers  The relevant Chief Officer has prepared comments in individual appendices
- District Councils  .....
- Health Authority  .....
- Police  .....

Other Bodies/Individuals  .....

**FINAL DECISION NO**

**SUGGESTED NEXT STEPS:**

Details to be specified

Further consideration by this Committee  .....

To Council  .....

To Cabinet  Further quarterly monitoring reports are planned for November 2005 and February 2006 and the Final Service Outturn will be reported in June 2006.

To an O & S Committee  .....

To an Area Committee  .....

Further Consultation  .....

**Cabinet - 8 September 2005.**

**Projected 2005/2006 Revenue Net Spend as Quarter 1**

**Report of the County Treasurer**

**Recommendations**

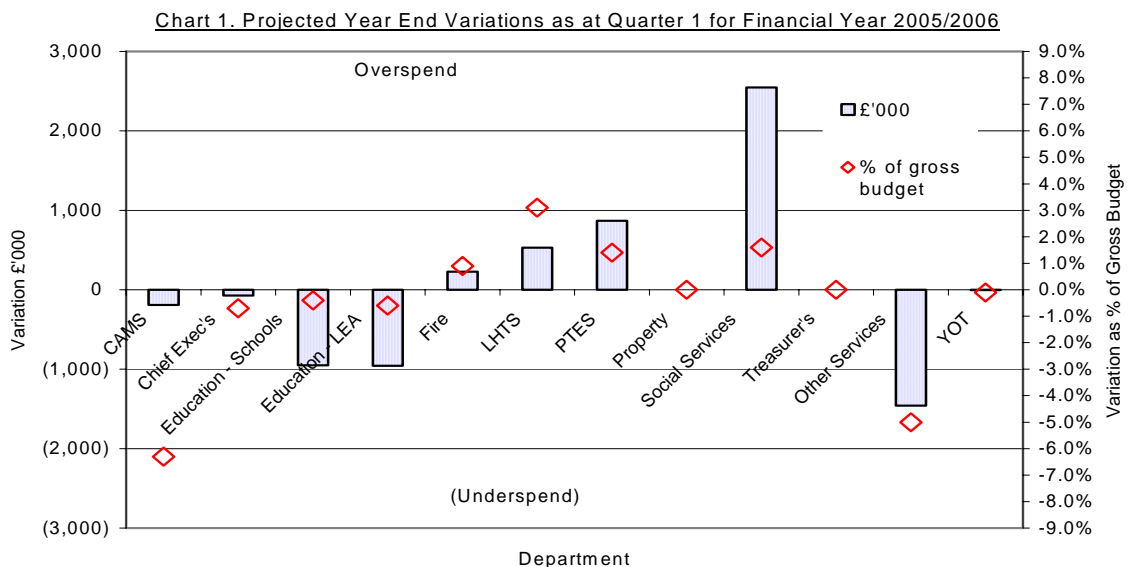
That Cabinet:

- Notes the projected 2005/06 revenue net spend position and the projected reserves at year-end, and requests departments to take appropriate management action to try to ensure that spending remains within budget.
- Approves the contributions to and use of reserves totalling a net use of £402,000 in 2005/06 as detailed in paragraph 3.2.

**1 Introduction**

1.1 The purpose of this report is to inform Members of the projected net spend for 2005/06 based on the information known at the end of the first quarter.

1.2 At this stage the estimated 2005/06 overspend is £539,000. Chart 1 below shows the predicted over/underspend for each department compared to their current budget, and the projected variation as a proportion of the gross budget of the department. As further information becomes available and new issues develop, these projections will be refined and presented in subsequent quarterly reports.



## 2 Spending Compared With Estimates

2.1 Table 1 below shows a summary of the projected year-end position of each department, and a reconciliation back to the original budget approved in February 2005.

**Table 1: Summary of Projected Variations**

Appendix No.	Service	Original Budget £'000	Approved Revisions £'000	Current Budget £'000	Projected Overspend/ (Underspend) £'000
A	CAMS	2,125	40	2,165	(192)
B	Chief Executive's	7,253	308	7,561	(73)
C	Education - Schools (note 1)	209,822	1,086	210,908	(950)
D	Education - LEA	118,503	3,348	121,851	(957)
E	Fire & Rescue	24,082	284	24,366	228
F	LH&TS	15,645	10	15,655	530
G	PT&ES	51,961	(523)	51,438	869
H	Property Services	3,006		3,006	0
I	Social Services	113,485	(158)	113,327	2,546
J	Treasurer's	361	388	749	0
K	Other Services	27,707	176	27,883	(1,460)
L	Youth Offending Team	1,027	342	1,369	(2)
	<b>Total</b>	<b>574,977</b>	<b>5,301</b>	<b>580,278</b>	<b>539</b>

Note 1 – The original budget for schools consists of the schools delegated budget and the devolved standard fund as reported to Cabinet on 17 March 2005, *whereas the revised schools budget also includes the LSC grant income, parent centres and a further general contingency (see Appendix C).*

2.2 The revised budget is £5,301,000 higher than the original budget set by Council. The main reasons are summarised in Table 2 below.

**Table 2. Summary of Revisions to the Original Budget**

Description	£'000
Allocations of YPSI schemes to lead services	234
Use of reserves carried forward from 2004/2005 and repayment of overspends	4,881
Use of Public Service Reward reserves carried forward from 2004/2005	186
<b>Total</b>	<b>5,301</b>

2.3 The projected variation after allowing for these revisions to the budget is an overspend of £539,000. Further details are attached in Appendices A-L, in which departments highlight the main variations that they are projecting.

2.4 Any projected underspends by services form a contribution to their reserves. This money is then available to support spending in future years. Plans to use any underspend to finance spending in 2006/07 will be considered as part of the 2006/07 budget process. Where departments are projecting an overspend

there are two options available to finance this: they may either use accumulated reserves from previous years, or if such reserves are not available making good the overspend will be first call on the 2006/07 budget. The following commentary highlights the most significant variations.

- 2.5 There are currently significant underspends forecast in Education and Other Services, but these are being more than offset by larger projected service overspends in Fire & Rescue, Libraries Heritage & Trading Standards (LHTS), Planning Transport & Economic Strategy (PTES) and Social Services.
- 2.6 The underspend within Education is mainly due to the Standards Fund. The Standards Fund is a variety of grants provided by the DfES to support initiatives to improve the standard of education within schools. In order to tie in with the academic year, 2005/06 Standards Fund resources are provided for a 17 month period running from April 2005 to August 2006. Underspends relate to resources planned to be used between April and August 2006 and there should be no resulting adverse financial or service consequences.
- 2.7 A combination of favourable interest rates, higher cash balances, and highly performing external fund managers means it is forecast the County will receive £1,000,000 more interest than anticipated at the start of the year. Furthermore, lower than anticipated borrowing interest rates, and lower than expected total borrowing levels due to an underspend on capital expenditure in 2004/05, are predicted to enable the County to incur £500,000 less in interest payments to service its borrowing than anticipated.
- 2.8 Social Services are predicting a significant overspend of £2,546,000 in 2005/2006. In summary, the two main budget pressures faced by the department are the costs of rising numbers of Looked After Children (and children on the Child Protection Register) and the difficulties of continuing to commission services for people with learning disabilities in a high cost market dominated by a few suppliers. These pressures are not new in 2005/06 and significant overspends were recorded in 2004/05 in these service areas. Furthermore, these are precisely the two areas of severe budget pressures that are set out in the recent survey report from the Local Government Association and Association of Directors of Social Services reflecting the national position for Social Services. In order to address the current overall financial position, the department will need to hold back on developments for older people's services and to defer support services projects. However, by failing to invest in these areas, it will be difficult to improve performance against key indicators, which in turn may jeopardise the Council's overall CPA rating. The Department will be seeking further advice from Members on this issue.
- 2.9 Fire Service pensions are predicted to exceed to the revised budget by £158,000 due to payments exceeding original estimates. A further review of pensions funding for 2006/07 will come before Members as part of the budget process for 2006/07. At this stage, it is anticipated that any overspend in 2005/06 will be transferred to the Pensions Reserve at the end of the financial year.

2.10 The predicted overspend of £869,000 within Planning, Transport and Economic Strategy has a variety of causes. The key causes are:

- Additional waste disposal costs resulting from higher than anticipated waste tonnages, increased contract costs, and the increased disposal costs of electrical goods resulting from the WEEE directive (£170,000)
- A tax charge on dividends received from the University of Warwick Science Park (£148,000)
- Delays in the occupation of new business units at Elliott Park Innovation Centre (£110,000)
- Slippage of the Strategic Business Partnership agreement from 2004/05 to 2005/06 (£266,000)
- Additional street maintenance responsibilities combined with delays in meeting the street advertising income target (£200,000)

PTES are seeking to address these issues through a variety of means including delays to project work, holding open vacant posts, recovering costs in future years and potentially using PSA1 grant originally intended to fund service developments.

2.11 LHTS are predicting an overspend of £530,000 during 2005/06. This overspend mainly relates to the areas of information technology and procurement. The majority of this overspend will be covered by a £452,000 transfer from their service reserves. Management are looking at dealing with any remaining overspend in a number of ways including the reduction of front line services.

### **3 Reserves**

3.1 In the 2004/05 Final Revenue Outturn report to Cabinet on 21 July 2005 our reserves were predicted to be £36,438,000 at 31 March 2005. However, an amendment has since been made to our 2004/05 draft statement of accounts which has increased reserves to 37,040,000 at 31 March 2005. This increase in reserves arose following the unexpected part resolution of an outstanding dispute concerning income from the Courts Service for service charges for the Judges House. It is now projected that our reserves at 31 March 2006 will be £27,169,000. Details are shown in Table 3 below.

**Table 3: Reserves Projection**

Reserve	In-hand / (overdrawn) Revised 1/4/2005 £'000	Planned contribution/ (use) in 2005/2006 £'000	Additional contribution/ (use) requested £'000	Effect of Projected Variation £'000	Estimated In- hand/ (overdrawn) 31/3/2006 £'000
General Reserves (note 1)	6,947	(55)		1,460	8,352
Capital Fund (note 2)	3,676	(3,003)			673
Earmarked - Schools	8,663	0		300	8,963
Earmarked - Non Schools	17,754	(6,274)	(402)	(1,897)	9,181
<b>Total</b>	<b>37,040</b>	<b>(9,332)</b>	<b>(402)</b>	<b>(137)</b>	<b>27,169</b>

Note 1 – Funding for the Children Act' overspend in 2004/05 from general reserves was agreed by Council on 16 September 2004 and reported to Cabinet on 21 July 2005.

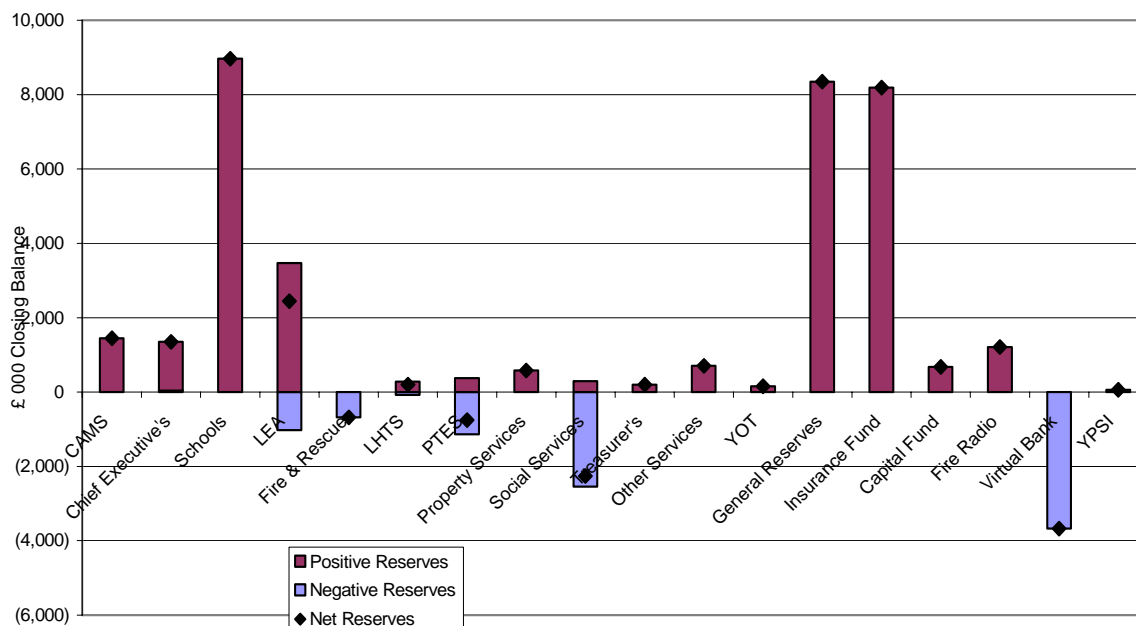
Note 2 – The capital fund is used to help fund capital expenditure as required. There are no known changes at the moment. However, the next capital review will be reported to Cabinet in September 2005.

3.2 Members are asked to agree to the following changes to reserves that have been requested by services based on their current projected position. The net effect being a further £402,000 use of reserves:

- Return of £50,000 to the Chief Executive Department's Legal Services Business Unit Reserve until it is needed.
- Use of LH&TS departmental reserves of £452,000 to support their 2005/06 budget

3.3 Reserves are analysed in more detail in Appendix M. Overdrawn reserves (except Virtual Bank, Fire Pensions and the Schools IT loan reserves) are a first call on 2006/07 budgets. Meanwhile, any departmental reserves that are overdrawn in the current year are effectively a temporary call on General Reserves until they are repaid. The projected year-end balances are summarised in Chart 2 below.

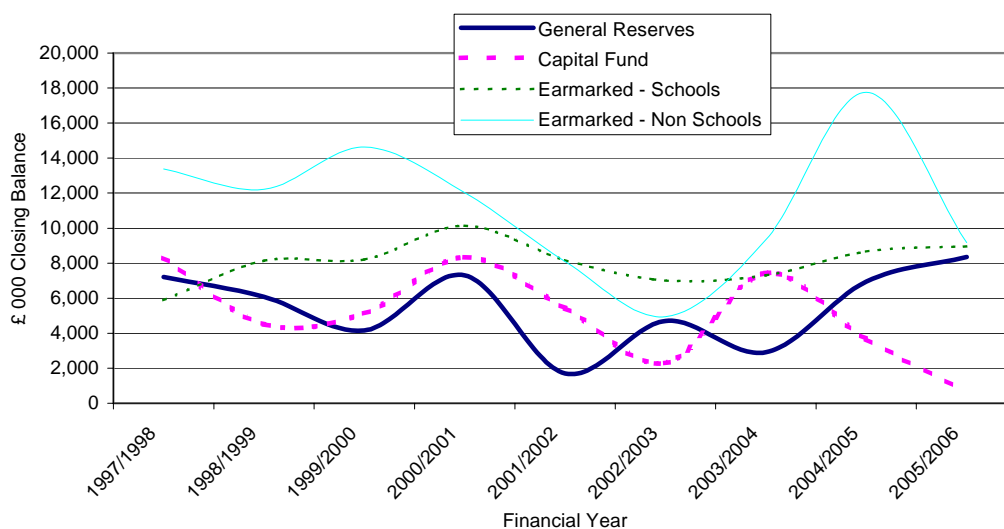
**Chart 2. Projected Reserves Balances at 31 March 2006**



3.4 The planned revisions to the reserves position since 1 April 2005, including 2004/05 carry forward use of earmarked reserves, have reduced reserves by 25.2%. The overspend that is currently projected in Quarter 1 and the net additional use/contribution to reserves requested in 2005/06 will reduce reserves by a further 1.5%, resulting in a 26.7% reduction since the start of the current financial year.

3.5 General reserves are projected to end the year at £8,352,000, £2,852,000 higher than the £5,500,000 level currently recommended by the County Treasurer as the minimum adequate level of general reserves. Any reserves available to support the 2006/07 budget will be considered as part of the 2006/07 budget process in the context of long term trends in reserve balances shown in Chart 3.

Chart 3. Long Term Trends in Reserves





## **4 Movements In Projections**

- 4.1 This is the first quarterly monitoring report for 2005/06. The next report for Quarter 2 in November 2005 will contain revised projections based on the information available at that time. Where there are any significant changes to projections between Quarter 2 and this report, they will be highlighted. Changes could be due, for example, to the effects of the management actions detailed in the appendices, new developments, or the availability of updated information.

## **5 Summary**

- 5.1 An overspend of £539,000 is currently forecast in 2005/06, which would leave reserves totalling £27,169,000 at the end of the year.

DAVID CLARKE  
County Treasurer

Shire Hall  
Warwick

23 August 2005

**Contract and Management Services**  
**Summary of Projected Variations 2005/2006 as at Quarter 1**

Description	Corporate Strategic Objective (see list below)	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Service Consequences
ICT Business Unit	6	0	(145)	current forecast trading surplus arising from increased demand	none	none
County Caterers Business Unit	1	0	165	current forecast trading deficit - largely due to unexpected reduction in meal numbers (Jamie Oliver impact)	investigating staffing levels, costings of menus, prices charged	may result in an increase in charges or withdrawal of service from some units
Other Business Units	6	488	(110)	current forecast trading surplus arising from increased demand	none	none
Departmental Equipment reserve	6	150	(135)	planned contribution to renewals fund	none	none
E-Government funded projects	6	1,194	33	planned over commitment (£230,000) to compensate for anticipated slippage on some projects (currently estimated to be £197,000)	monitor the position and adjust spend if necessary	rescheduling of the programme may lead to some projects being carried forward to next year and others being brought forward.
<b>Other</b>	<b>6</b>	<b>333</b>	<b>0</b>			
<b>Total</b>		<b>2,165</b>	<b>(192)</b>			

**General Comments**

The following budget monitoring processes take place in the department:  
 - monthly progress meetings between Service Managers and Cost Centre Managers  
 - monthly progress meetings between Service Managers and Director  
 - monthly reports to the departments management team covering, trading accounts, budgetted services, reserves, and virtual bank funded projects.  
 Most e-government funded application projects are monitored by the Business Applications Reference Group (and reported to the Chief Officers E-Government Steering Group), but are managed within the specific departments allocated the funds.

**Corporate Strategic Objectives**

- 1 - Promote Lifelong Learning and Personal Development
- 2 - Promote the Health and Social Care of our Citizens
- 3 - Improve the Environment
- 4 - Reduce Crime and Improve the Safety of the Community
- 5 - Develop and Maintain a Vibrant Local Economy which Promotes Employment and Prosperity for all
- 6 - Ensure Sound Governance of the County Council to Provide Accessible, Responsive and Well-managed Services

**Chief Executive's Department**  
**Summary of Projected Variations 2005/2006 as at Quarter 1**

Description	Corporate Strategic Objective (see list below)	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Service Consequences
Judges House	6	201	(61)	Realisation of appropriate income from Lord Chancellors Department in respect of service charges in relation to lease of courts	Consideration will be given as to how to use the projected underspend during quarter two	No adverse consequences are predicted.
Coroner	6	305	110	Increased costs of mortuary provision as a result of new contracts, increased salary costs, and an increased number of post mortems	The overspend will have to be met from departmental reserves for 2005/2006 and a budget pressure bid will be logged for 2006/2007	The service is not within the departments control, additional costs will have to be met from departmental reserves
Legal Services Business Unit	6	50	(89)	Currently no proposals to spend £50,000 drawn down from business unit reserves and forecast additional income	No action required	<b>The underspend will be added to business unit reserves</b>
Executive	6	25	17	Staff costs and small overspendings on a number of budget headings	The overspend will have to be met from departmental reserves	<b>The overspend will have to be met from departmental reserves</b>
Local Strategic Partnership Coordinator	6	4	25	Cost of one-off planning events	The overspend will have to be met from departmental reserves	<b>The overspend will have to be met from departmental reserves</b>
Other Minor Variations	6	6,976	(75)	A number of overspends and underspends, none exceeding £10,000, or 5% of budget	Monitored by monthly Departmental Management Team reporting and cost centre management	Various relatively minor service consequences being managed by the department
<b>Total</b>		<b>7,561</b>	<b>(73)</b>			

**Corporate Strategic Objectives**

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Education Department - School Controlled  
Summary of Projected Variations 2005/2006 as at Quarter 1

Description	Corporate Strategic Objective (see list below)	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Service Consequences
School Devolved TSF	1	5,729	(650)	Under TSF rules these funds can be spent over a 17 month period to August 2006.	It is anticipated that these funds will be totally spent by August 2006 with current spending plans on track.	None.
School Delegated Budgets	1	231,732	(300)	The predicted underspend on schools' delegated budgets is primarily the result of many minor unplanned under-spends.. This is particularly the case in primary schools. (This predicted under-spend is an average of only £1,200 per school)	Active budget management (including 3 year plans) by the schools with support from Education professionals.	None.
School Ledger Other	1	(26,553)	0			
<b>Total</b>		<b>210,908</b>	<b>(950)</b>			

**General Comments**

The School devolved TSF budget consists of both carryforward and an estimate of devolvement to schools in year. This is held by LEA CCM's and paid to schools as income to spend as well as some notional devolvement. The School delegated budgets include parent centre budgets which have the same financial freedoms as nursery schools. The schools delegated budgets are also the current budgets and do not include any planned or estimated further allocations as is estimated in the Section 52 Budget statement. These further allocations are included in the Schools Ledger Other element. Movement between School delegated budgets and School ledger other will occur as necessary during the year.

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**Education Department  
- LEA Controlled  
Summary of Projected Variations 2005/2006 as at Quarter 1**

Description	Corporate Strategic Objective (see list below)	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Service Consequences
Early Years	1	8,953	(321)	Primarily the result of the budget on 4 year-old grants under-spending, initial indications based on the summer term is that growth in demand is low. The forecast will be reviewed when the level of claims for the autumn term are known in October.	Management are continuing to carefully monitor this complex and volatile demand led budget.	One-off budget saving to this demand led budget will enable overspends in other areas of the education service to be met and / or additional developments taken up or will enable service reserves to be built up (currently at just 1% of the budget) for future budget support.
Post 16 Transport	1	1,045	308	Significant adjustments have had to be made to income from the LSC, which was unknown at the budget setting stage. Increased client numbers since the estimate round has also significantly affected the forecast.	Meetings are being held with our partner colleges and the LSC and management are re-assessing and pressing for more income from these sources. Efficiencies and other under-spends will be met from underspends elsewhere in the education budget.	The overspend will be met from underspends elsewhere in the authority's budget.
Mainstream Transport	1	7,001	304	Significant increases in costs of routes since the 2005/06 estimate and bidding process has resulted in this demand led budget being inadequate.	Management are continuing to carefully monitor this complex and volatile demand led budget. With trends in transport costs and pupil numbers being monitored and more sophisticated processes for forecasting numbers being developed.	The overspend will be met from underspends elsewhere in the authority's budget.
Department wide	1	57,374	(264)	It is envisaged that the amount of revenue to be used for supporting the capital programme will be less than anticipated.	More effective management of the capital programme has resulted in this under-spend (as well as some slippage and projects coming in under budget) and the programme will be continually monitored and opportunities for future efficiencies will be sought after.	The underspend will not effect the capital programme directly but will help to compensate for any overspends elsewhere in the department or can be held in reserves to help compensate for years when demand & cost outstrip the budget.
Other Minor Variations	1	43,515	143	A number of overspends and underspends.	Monitored by monthly cost centre management and termly FSM meeting and report to DMT.	Various relatively minor service consequences being managed by the department.
<b>Total LEA Non Standards Fund</b>		<b>117,888</b>	<b>170</b>			
LEA TSF	1	3,963	(1,127)	Under TSF rules these funds can be spent over a 17 month period to August 2006.	It is anticipated that these funds will be totally spent by August 2006 with current spending plans on track.	None.
<b>Total LEA Including Standards Fund</b>		<b>121,851</b>	<b>(957)</b>			

**General Comments**

It is worthwhile noting that other divisions are only delivering a balanced budget position via substantial efforts. Many budgets are only being forecast to be within budget by the end of the year through the active management of vacancies and other resources. If every post was filled this would exceed the current budget. A budget forecast report each term until December (then monthly), to the end of the financial year will be submitted to the Education DMT.

**Corporate Strategic Objectives**

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- 4 - Reduce Crime and Improve the Safety of the Community

**Education Department  
- LEA Controlled  
Summary of Projected Variations 2005/2006 as at Quarter 1**

Description	Corporate Strategic Objective (see list below)	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Service Consequences
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5 - Develop and Maintain a Vibrant Local Economy which Promotes Employment and Prosperity for all

6 - Ensure Sound Governance of the County Council to Provide Accessible, Responsive and Well-managed Services

**Fire and Rescue Service  
Summary of Projected Variations 2005/2006 as at Quarter 1**

Description	Corporate Strategic Objective (see list below)	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Service Consequences
Mutual Assistance	4	0	50	Upon entering into the agreement with West Midlands Fire Authority it was anticipated that the mutual assistance provided and received would balance out to a neutral cost. However this is not the case. This is primarily due to the incidents around the shared Coventry border. The British Telecom exchange system automatically directs all of these border incidents to West Midlands Fire Authority for which Warwickshire are then charged.	The Service is currently in the process of terminating the current agreement with West Midlands Fire Authority. A review of mutual assistance requirements is taking place with a view to agreeing a revised agreement with West Midlands Fire Authority.	The Service will ensure that any actions taken will not effect our Service delivery.
Other minor variations	4	20,353	20	Minor variations on a number of budget areas.	Budgets are monitored routinely by cost centre managers and the department management team.	No significant Service issues
Pensions	6	4,013	158	The pension payments to employees who retired post 1974 are currently exceeding original estimates.	The pensions funding for 2006/07 needs to be reviewed in order to bring the reserve into balance. At this stage it is anticipated that any overspend in 2005/6 will be transferred to the Pensions Reserve at the end of the financial year.	No effect on service provision
<b>Total</b>		<b>24,366</b>	<b>228</b>			

**General Comments**

**Pensions.** The Pensions under or overspend is affected by the number of age and ill health retirements and transfers in and out of the service. It is difficult to predict these with any certainty at this stage of the year, therefore the quarter 1 year end forecast position is based upon knowledge to date, but could change significantly as the year progresses.

**Mutual Assistance.** Again this expenditure is determined by activity levels that can fluctuate throughout the year. Therefore it is difficult to project the year end position with any certainty.

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**Libraries Heritage and Trading Standards Service**  
**Summary of Projected Variations 2005/2006 as at Quarter 1**

Description	Corporate Strategic Objective (see list below)	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Service Consequences
Information Technology	6	899	294	Balance of 2003/04 and 2004/05 overspend carried forward.	To address this in a phased 3 year programme diverting from low priority services.Plus any fortuitous underspends,monitored monthly.	Potential reduction in front line services to meet budget pressure.
Procurement	6	0	148	All major procurement activity completed prior to target being set by WCC.	Working with WCC Procurement Manager identify any major area of further savings. Marginal savings being addressed .Piloting Profit Focus initiative to enable 'printer rationalisation'. Remains a budget pressure.	Potential reduction in front line services to meet budget pressure.
Trading Standards - Business Services Division	4	233	13	Reduced demand for Metroogy calibration services.	Proposals for significant changes to Metrology services are planned.	Long term service and budget stability should flow from implementation of plans.
Other Minor Variations	1,4 & 6	14,523	75	A number of overspends and underspends none exceeding £10k or 5% of budget.	Monitored by monthly DMT reporting and cost centre management.	Various relatively minor service consequences being managed by the Department.
<b>Total</b>		<b>15,655</b>	<b>530</b>			



**Summary of Projected Variations 2005/2006 as at Quarter 1**

Description	Corporate Objective Number (Please complete)	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Service Consequences
Waste Management	3	10,907	170	Increased tonnages and increased contract costs and the disposal of electrical goods under the WEEE directive have pushed up costs by £370k	The government has pledged to cover the council's new burdens for WEEE so approximately £200k should be funded. We will continue to monitor the amounts of waste which is increasing at 3% compared to our budgeted increase of 2%.	If the rise in waste continues at 3% we will need to review our resources which could mean using some of the PSA 1 reward, which we intended to use to fund future developments in the service.
Regeneration and Economic Development	5	3,955	148	A significant element of this overspend includes a tax charge on dividends received from the University of Warwick Science park.	Budgets will be monitored to ensure we come in as close as possible to the budget, and that the new pressures are addressed. Efficiency targets are in the course of being implemented.	Vacant posts may have to be held for a longer period, and project work may need to be delayed.
Elliott Park Innovation Centre	5	0	110	This is the first year of operation of this new centre and is taking time to fill but once up to full capacity they will generate a positive cash flow.	The results so far are on track with the business plan and we will continue to monitor against this.	This is a temporary cash flow problem which will be repaid in future years.
Strategic Business Partnership	5	0	266	Due to delays in sorting the agreement this project slipped from 2004/05 to 2005/06. The budget for this was in 2004/05.	Reductions will need to be made elsewhere in the departments budgets.	This will have a significant impact on this years expenditure.
Warwickshire Engineering	3	12,400	200	The income target for street advertising is taking time to meet as it is has had to go through the contract tendering process. We no longer have a capital budget for Street Lighting Column replacements, and we are required to undertake increased weed spraying.	Budgets will be monitored to ensure we come in as close as possible to the budget.	This should be minimal as any overspend will be the first call on the following years budget.
Capital Finance charges	6	13,647	0	None	None	None

**Department of PTES**  
**Summary of Projected Variations 2005/2006 as at Quarter 1**

Description	Corporate Objective Number (Please complete)	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Service Consequences
The setting up of Special Parking Areas (Decriminalisation projects) .	3	(68)	(127)	The anticipated surplus on stratford decrim is £220k .The anticipated debt charges on borrowing to fund the Decrim in the other areas is £25k and £68k is allowed for to fund the debt charges on Bishopton park and ride.	A bid is to be made to the Virtual Bank and/or Prudential borrowing to fund both this project and thus enable the anticipated net surplus of £127,000 to be realised.	None as all of the costs will be recovered in future years from on street charging and parking fines.
Other Minor Variations	6	10,597	102	Difficulties in balancing the budget meant that we were left with this shortfall	Reductions will need to be made elsewhere in the departments budgets.	This will have a significant impact on this years expenditure.
<b>Total</b>		<b>51,438</b>	<b>869</b>			

**General Comments**

The Decrim surplus needs to be kept in reserve for future debt repayment increasing the above charge to reserves to £996k . The efficiencies on Regeneration will need to be implemented to save £148k , the £110k for EPIC will be funded from future income streams , the £200k on County Highways will be the first call on the following years budget . This will leave a problem of £538k , if we use £170k of the PSA reward money this will bring it down to £368k which is as a result of last years overspend (£266k) and difficulties in balancing the budget (£102k).

**Property Services Department**  
**Summary of Projected Variations 2005/2006 as at Quarter 1**

Description	Corporate Strategic Objective (see list below)	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Service Consequences
Rural Estates - Smallholdings	5	391	20	Spending on building maintenance of farm houses and buildings is likely to exceed the budget which is felt to be inadequate to enable acceptable standards to be met.	Ways are being sought to meet the excess from within the department's current year budget. For next financial year a bid will be made for additional resources.	None.
Other	6	2,615	(20)	With the financial year less than halfway through it is envisaged that savings of this scale can be found.	The department's management team discuss the latest financial position at its monthly meetings and take whatever action is considered appropriate.	None.
<b>Total</b>		<b>3,006</b>	<b>0</b>			

**General Comments**

The area of the department's budget carrying the greatest risk is the Construction Services business unit. The unit's budgetted spending of £3.7 million has to be recovered through fee income from customers for work undertaken. At this stage we are forecasting break even for the year but the volume and variety of income make this income budget particularly difficult to forecast. Income forecasts are prepared for scheduled monthly meetings at which they are discussed with the Head of Construction Services.

**Corporate Strategic Objectives**

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**Social Services**  
**Summary of Projected Variations 2005/2006 as at Quarter 1**

Description	Corporate Strategic Objective (see list below)	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Service Consequences
<b>Children</b>						
Care Management	2	13,938	500	Increased legal costs £200k, increased hired transport £300k	Delay staff recruitment including use of agency. Keep legal costs under review with County Solicitor. Review use of transport, hold new use of taxis	Potential delays in responding to children at risk and to court requirements
Residential	2	4,440	(500)	Reduced numbers of children in residential placements	Keep position under review	Reflects policy decision to care for looked after children in non-residential settings
Other services	2	9,134	1,500	Increased numbers of children in foster care, external £1,000k, internal £500k	Where possible hold new use of higher cost external placements. Continue to develop internal services at lower cost.	Potential risk to Looked after Children
<b>Adult</b>						
Older People	2	36,342	(500)	Delay certain new developments identified in 2005/06 budget. (See General Comments)	Maintain this but keep under review	Potential deterioration in certain key performance indicators
Disability-other	2	24,726	2,000	Overspend on residential and home care, direct payments and other community services	Continued effort to review existing contracts and strive for lower cost placements. Review services where possible. Review protocols around age transition.	Potential reduction in service levels and inability to deliver on Govt agenda to develop person centred planning in service design.
Other adult services	2	7,668	(500)	Delay certain new developments identified in 0506	Maintain this but keep under review	
<b>Support Services</b>	2	17,047	(27)	A number of overspends and underspends, none exceeding £10k, or 5% of budget.	Monitored by monthly DMT reporting and cost centre management	Various relatively minor service consequences being managed by the department.
<b>Asylum Seekers</b>	2	32	73	Changes in Home Office grant treatment could mean reduced funding for individual clients	Monitored by monthly DMT reporting and discussions with Home Office. There is some confusion nationally about Home Office proposals for which clarification is being sought.	Potential increasing deficit
<b>Total</b>		<b>113,327</b>	<b>2,546</b>			

**Social Services**  
**Summary of Projected Variations 2005/2006 as at Quarter 1**

Description	Corporate Strategic Objective (see list below)	Revised Budget	Projected Overspend (Underspend)	Reason	Management Action	Service Consequences
<p><b>General Comments</b></p> <p>In summary, the two main budget pressures faced by the department are the costs of rising numbers of Looked After Children (and children on the Child Protection Register) and the difficulties of continuing to commission services for people with learning disabilities in a high cost market dominated by a few suppliers. Interestingly, these are precisely the two areas of severe budget pressures that are set out in the recent survey report from the Local Government Association and Association of Directors of Social Services reflecting the national position for Social Services. These pressures are not new in 2005/06 and significant overspends were recorded in 2004/05 in these service areas. The ability of the department to manage within its overall existing resource levels is only achieved by continuing to hold back on developments for older people's services and to defer support services projects. This approach to managing the budget is not sustainable and will inevitably result in continuing poor performance against key targets for adult services. With the implementation of the Children Act, the Council will need to disaggregate budgets for adults and children's services in the near future. The continuing difficulty for the Council in meeting its statutory child care will be exposed and needs to be tackled. Performance for children's social services in Warwickshire is currently good and contributes favourably to the Council's overall CPA score. Members will need to reach a decision about an appropriate level of continuing investment in children's social care during the forthcoming corporate budget exercise. The current Management Team of the department has been successful in delivering a balanced outcome in 2004/05. However, at this stage of the year in 2004/05, an overspending of £1.3m was projected against a higher figure of £2.5m now. In addressing the overall financial position, the Management Team now have a decision to make regarding the extent to which they can safely continue to limit development in older people's services at the risk of continuing unfavourable performance against key indicators, which in turn may jeopardise the Council's overall CPA rating. Guidance from Members is sought on this.</p>						

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**Summary of Projected Variations 2005/2006 as at Quarter 1**

Description	Corporate Strategic Objective (see list below)	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Service Consequences
HRMS project	6	807	95	Current prudent estimate of costs for year.	Continue to monitor budget and expenditure at CCM and DMT level.	Overspends will be offset by underspends elsewhere in the department.
Payroll	6	(10)	(49)	Staffing shortages and a projected underspend on printing, partially offset by increased external charges.	Budget monitoring via DMT and cost centre management.	Underspends will be offset by overspends elsewhere in the department.
CIPFA trainees	6	0	(40)	Unanticipated vacancy.	Teams who usually accommodate a trainee will absorb the work.	Underspends will be offset by overspends elsewhere in the department.
Warwickshire Audit	6	0	(36)	Increased external (fee-earning) work.	Budget monitoring via DMT and cost centre management.	None.
Other budgets	6	(48)	30	A number of minor variations, none exceeding £10k or 5% of gross budget.	Budget monitoring via DMT and cost centre management.	None.
<b>Total</b>		<b>749</b>	<b>0</b>			

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Other ServicesSummary of Projected Variations 2005/2006 as at Quarter 1

Description	Corporate Strategic Objective (see list below)	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Service Consequences
Interest on revenue balances	6	(1,468)	(1,000)	Favourable rates achieved on two new call accounts. External fund managers performing well and exceeding targets.	Continue to monitor interest rate movements and cash flow.	Underspend will impact on general reserves.
Capital financing charges	6	23,384	(500)	Capital underspend in 2004/2005 meant that borrowing was lower than budgeted. Interest rates did not rise as anticipated.	Continue to monitor borrowing rates.	Underspend will impact on general reserves.
Other admin charges	6	60	40	Cost of early termination of grounds maintenance leases borne centrally.	None available	Overspend will impact on general reserves.
Other budgets	6	5,907	0			
<b>Total</b>		<b>27,883</b>	<b>(1,460)</b>			

**General Comments**

The costs of quadrennial elections has been provided for by paying into an earmarked reserve in non-election years. Although the costs of running the recent elections have not yet been advised by the districts, it is likely that we will need to draw on this reserve during 2005/2006. This will be included on future budget monitoring reports to members.

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**Youth Offending Team**  
**Summary of Projected Variations 2005/2006 as at Quarter 1**

Description	Corporate Objective Number (Please complete)	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Service Consequences
Other Minor Variations	4	1,369	(2)	Higher costs than anticipated due to increased number of court orders £10k and £8k IT costs. This is offset by fewer placements in Secure Accommodation (£20k.)	The service will balance out over/underspends through the year taking action where necessary. Any underspend will be carried forward next year to add to the specific reserve for future planned developments.	Secure Accommodation is difficult to monitor as it is dependent on the number of young people who may need the service.
<b>Total</b>		<b>1,369</b>	<b>(2)</b>			

**General Comments**

In addition to the management actions detailed above, the department is looking at opportunities to bid for specific grants in this financial year.



**Quarter 1 Provisional Revenue Net Spend 2005/2006**  
**Summary of Projected Reserves Balances**

Title of Reserve	In Hand (Overdrawn) Revised 1/4/2005 £'000	Approved Transfer to/(Use of) in 2005/2006 £'000	Additional Contributions/(Use) Requested £'000	Effect of Quarter 1 forecast £'000	In Hand (Overdrawn) 31/3/2006 £'000
CAMS	2,403	(1,152)		192	1,443
Chief Exec's	1,895	(617)	50	23	1,351
Education - Schools	8,663			950	9,613
Education - LEA	4,955	(4,117)		957	1,795
Fire	(44)	(410)		(228)	(682)
LHTS	172	560	(452)	(78)	202
PTES	(419)	530		(869)	(758)
Property Services	579				579
Social Services	393	(102)		(2,546)	(2,255)
Treasurer's	588	(388)			200
Other Services	891	(186)			705
YOT	328	(171)		2	159
General Reserves	6,947	(55)		1,460	8,352
Insurance Fund	8,187				8,187
Capital Fund	3,676	(3,003)			673
Fire Radio	1,215				1,215
PIF (Previously Quality & Best Value )	3				3
Virtual Bank	(3,452)	(221)			(3,673)
YPSI	60				60
<b>Total</b>	<b>37,040</b>	<b>(9,332)</b>	<b>(402)</b>	<b>(137)</b>	<b>27,169</b>