

## AGENDA MANAGEMENT SHEET

<b>Name of Committee</b>	<b>Cabinet</b>		
<b>Date of Committee</b>	<b>17 November 2005</b>		
<b>Report Title</b>	<b>Projected 2005/2006 Revenue Spending as at Quarter 2</b>		
<b>Summary</b>	The report summarises the projected revenue net spend as at the end of quarter 2 (April to September 2005). It highlights the main reasons for any variations from the approved budget for each service and the projected reserves position at the year-end.		
<b>For further information please contact:</b>	<table border="0" style="width: 100%;"> <tr> <td style="vertical-align: top; width: 50%;"> David Clarke  County Treasurer  Tel: 01926 412003  davidclarketr@warwickshire.gov.uk </td> <td style="vertical-align: top; width: 50%;"> Andrew Filby  Corporate Budget Accountant  Tel: 01926 412860  andrewfilby@warwickshire.gov.uk </td> </tr> </table>	David Clarke County Treasurer Tel: 01926 412003 davidclarketr@warwickshire.gov.uk	Andrew Filby Corporate Budget Accountant Tel: 01926 412860 andrewfilby@warwickshire.gov.uk
David Clarke County Treasurer Tel: 01926 412003 davidclarketr@warwickshire.gov.uk	Andrew Filby Corporate Budget Accountant Tel: 01926 412860 andrewfilby@warwickshire.gov.uk		

**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	<input type="checkbox"/>	
Local Member(s)	<input type="checkbox"/>	
Other Elected Members	<input checked="" type="checkbox"/>	Cllr Mrs Tandy, Cllr Roodhouse, Cllr Booth & Cllr McCarney - for information
Cabinet Member	<input checked="" type="checkbox"/>	Cllr Farnell & Cllr Cockburn – noted for consideration
Chief Executive	<input checked="" type="checkbox"/>	Jim Graham, Chief Executive - for information
Legal	<input checked="" type="checkbox"/>	David Carter - for information
Finance	<input checked="" type="checkbox"/>	David Clarke – reporting officer
Other Chief Officers	<input checked="" type="checkbox"/>	The relevant Chief Officer has prepared

comments in individual service appendices

District Councils ☐ .....

Health Authority ☐ .....

Police ☐ .....

Other Bodies/Individuals ☐ .....

**FINAL DECISION NO**

**SUGGESTED NEXT STEPS:**

Further consideration by  
this Committee ☐ .....

To Council ☐ .....

To Cabinet ☒ A further quarterly monitoring report is planned for  
February 2006, and the Final Service net spend  
will be reported in June 2006.

To an O & S Committee ☐ .....

To an Area Committee ☐ .....

Further Consultation ☐ .....

## **Agenda No**

### **Cabinet - 17 November 2005**

#### **Projected 2005/2006 Revenue Spending as at Quarter 2**

#### **Report of the County Treasurer**

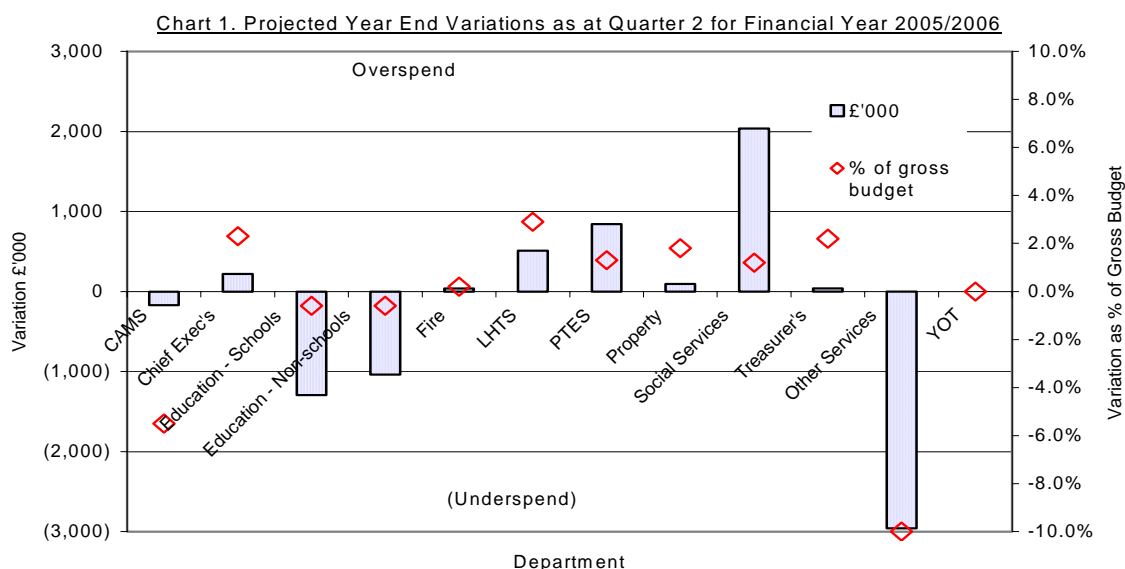
##### **Recommendation**

It is recommended that Cabinet:

- Note the projected 2005/06 revenue spending position and the projected reserves at year-end, and ensure appropriate management action is being taken to control spending in the delivery of services.
- Approves the contribution to reserves of £9,000 in 2005/06, detailed in paragraph 3.2.
- Approves the transfer of £100,000 budget from Other Services to the Fire and Rescue Service, detailed in paragraph 3.6

## **1 Introduction**

- 1.1 The purpose of this report is to inform Members of the projected outturn for 2005/06, based on the information known at the end of the second quarter.
- 1.2 At this stage the estimated 2005/06 underspend is £1,771,000. 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.



## 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	Approved Revisions	Current Budget	Projected Overspend/ (Underspend)
		£'000	£'000	£'000	£'000
A	CAMS	2,125	40	2,165	(167)
B	Chief Executive's	7,253	258	7,511	221
C	Education - Schools (note 1)	209,822	1,086	210,908	(1,292)
D	Education - Non-Schools	118,503	3,249	121,752	(1,036)
E	Fire & Rescue	24,082	149	24,231	40
F	LH&TS	15,645	459	16,104	508
G	PT&ES	51,961	528	52,489	844
H	Property Services	3,006	0	3,006	95
I	Social Services	113,485	(158)	113,327	1,936
J	Treasurer's	361	388	749	40
K	Other Services	27,707	339	28,046	(2,960)
L	Youth Offending Team	1,027	342	1,369	0
	<b>Total</b>	<b>574,977</b>	<b>6,680</b>	<b>581,657</b>	<b>(1,771)</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 £6,680,000 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**

<b>Description</b>	<b>£'000</b>
Funding for Young Persons Social Inclusion projects allocated to lead services	234
Use of reserves carried forward from 2004/05 and the repayment of departmental overspends	4,881
Use of PSA Reward reserves carried forward from 2004/2005	186
Other approved use of/(transfers to) reserves	1,379
<b>Total</b>	<b>6,680</b>

- 2.3 The projected variation from the approved budget at the end of the financial year, after allowing for these revisions, is an underspend of £1,771,000. Further details are attached in Appendices A-L, in which departments highlight the main variations in their service area.
- 2.4 Any underspends by services at the end of the year 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 overspend there are two options available to finance this: they may either use their accumulated reserves from previous years, or, if such reserves are not available, making good the overspend will be first call on the departments 2006/07 budget.
- 2.5 The following commentary highlights the variations from the approved budget, forecast to date that the County Treasurer believes are worth highlighting from a corporate perspective.
- 2.6 There are currently significant underspends forecast in Education and Other Services, but these are being largely offset by projected service overspends in Social Services, Libraries Heritage & Trading Standards (LHTS), Planning Transport & Economic Strategy (PTES) and Chief Executive's Department.
- 2.7 The underspend within Education (both in schools and in the non-schools block) is mainly due to the Standards Fund. The Standards Fund comprises a variety of DfES grants to support initiatives to improve the standard of education within schools. In order to tie in with the academic year, 2005/06 Standards Fund grants are provided for a 17 month period running from April 2005 to August 2006. The forecast underspends mainly relate to Standards Fund grants the department plans to use between April and August 2006.
- 2.8 A combination of favourable interest rates, higher cash balances, and our external fund managers achieving higher than anticipated rates of return means it is forecast the County Council will receive £1,500,000 more interest than expected at the start of the year. Furthermore, lower than budgeted interest rates on our borrowing, and lower than expected total borrowing levels due to the slippage in capital spending in 2004/05 to 2005/06, means it is forecast that £1,500,000 less in interest payments will be incurred. Any

underspend on Other Services will increase the level of general reserves at the end of the year.

- 2.9 Social Services' predicted overspend has reduced from £2,526,000 in Quarter 1 to £1,936,000 in Quarter 2. 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 costs associated with commissioning 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. A separate report has been taken to the Children and Young People's Overview and Scrutiny Committee on 4<sup>th</sup> November 2005 to discuss these issues in relation to Children's Services. Furthermore, a further report will be taken to the Adult and Community Overview & Scrutiny Committee on 22 November 2005 to discuss these issues in relation to Adult Services.
- 2.10 The predicted overspend of Libraries, Heritage and Trading Standards (LHTS) at quarter 1 was £530,000 against its approved budget of £15,655,000. At Quarter 2, the forecast overspend at outturn has reduced to £508,000.
- 2.11 The reported overspend of Planning, Transport and Economic Strategy (PTES) has reduced slightly from £869,000 at quarter 1 to £844,000 at quarter 2. The main changes since quarter 1 are:
- A reduction in the overspend on Waste Management from £170,000 to zero mainly due to utilisation of PSA1 reserves.
  - An increase in the overspend from £148,000 to £209,000 on Regeneration and Economic Development mainly due to loss of rent on Carlyon Road.
  - An increase in the overspend on Warwickshire Engineering from £200,000 to £290,000 in part due to higher depot costs

PTES are seeking to address these issues through means such as delaying filling vacant posts.

- 2.12 The Chief Executive's Department is predicting an overspend of £221,000 at quarter 2. This is mainly a result of a:
- £92,000 overspend relating to the coroner's service due to a combination of increased costs associated with mortuary provision, increased post-mortems and increased salary costs
  - £96,000 overspend resulting from a one-off expense on the new case management system
  - £81,000 overspend resulting from a number of small overspends relating to the executive

It is intended that these overspends will be managed with through a combination of close monitoring by the department's management team, the use of reserves. In addition, £64,000 of income from the Department for Constitutional Affairs in relation to the Judges House will also assist in offsetting the overspends. A budget bid by the department in 2006/07 to cover

the ongoing increase in the cost of the coroner's service is planned to alleviate the biggest ongoing spending pressure in the long-term.

### 3 Reserves

- 3.1 Since the Quarter 1 report to Cabinet on 8 September 2005 there have been some further adjustments to the outturn figures for 2004/05 agreed with our external auditors. These have changed the level of reserves from £37,040,000 to £37,122,000 as at 1 April 2005. This was reported to the Audit Panel on 14 October 2005. Combined with the in-year movements predicted in Quarter 2 our reserves at 31 March 2006 are currently projected to be £28,404,000. Details are shown in Table 3 below.

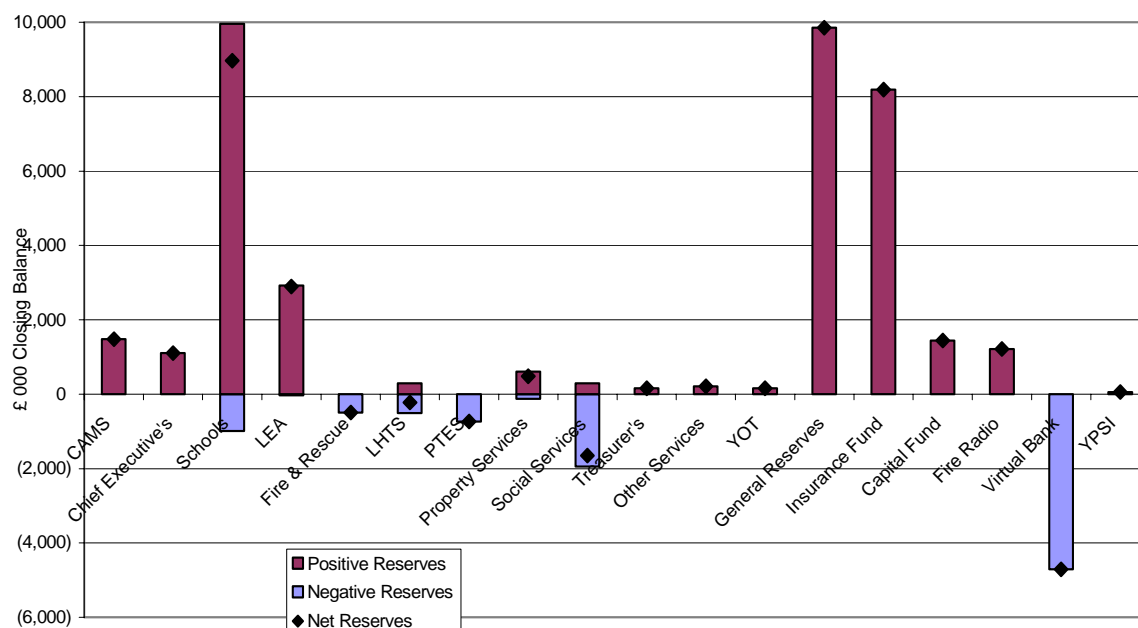
**Table 3: Reserves Projection**

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)		2,960	9,852
Capital Fund (note 2)	3,676	(2,233)		0	1,443
Earmarked - Schools	8,663	0		292	8,955
Earmarked - Non Schools	17,836	(8,210)	9	(1,481)	8,154
<b>Total</b>	<b>37,122</b>	<b>(10,498)</b>	<b>9</b>	<b>1,771</b>	<b>28,404</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.

- 3.2 Members are asked to agree to a contribution of £9,000 to LH&TS reserves. The £9,000 will be added to various specific museums and records reserves and is due to contributions from external bodies and individuals that are specifically earmarked for spending in these areas.
- 3.3 The reserves figures have been adjusted to reflect the approval given by Cabinet on 20 October 2005 to invest £493,263, the remaining PSA1 Performance Reward Grant, in waste management and in particular the delivery of the Waste Strategy.
- 3.4 Reserves are analysed in more detail in Appendix M. Overdrawn reserves (except the Virtual Bank, Fire Pensions and the Schools IT loan reserves) are a first call on departments 2006/07 budgets. The projected year-end balances are summarised in Chart 2 below.

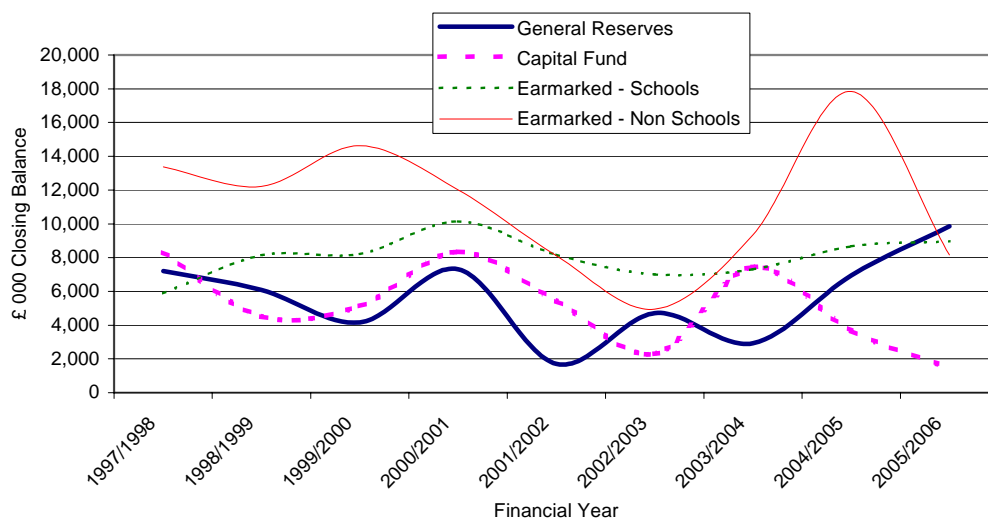
**Chart 2. Projected Reserves Balances at 31 March 2006**



- 3.5 The planned revisions to the reserves position since 1 April 2005, including the 2004/05 carry forward use of earmarked reserves were predicted to reduce reserves by 28.3%. The underspend that is currently projected in Quarter 2 and the net additional contribution to reserves requested in this report will increase reserves by a further 4.8%, resulting in a projected 23.5% reduction since the start of the current financial year.
- 3.6 General reserves are estimated to be £9,852,000 at the end of the year, £3,352,000 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



- 3.6 Further to the £9,000 adjustment to reserves requested above, it is recommended that the £100,000 earmarked in the Other Services budget to fund the costs of fire appliances leased in 2005/06 is transferred to the Fire and Rescue Service. This transfer will ensure that all budgets relating to the leasing of fire appliances are managed within the Fire and Rescue Service, and thus should promote sound budget management.

## 4 Movements In Projections

- 4.1 The projected underspend of £1,771,000 at Quarter 2 compares to a projected overspend of £539,000 forecast at the end of Quarter 1. Table 4 below summarises the changes.

**Table 4: Summary of Changes in Variations from Quarter 1 to Quarter 2**

Appendix No.	Service	Quarter 1 Projected Overspend/ (underspend) £'000	Quarter 2 Projected Overspend/ (underspend) £'000	Change (Note 1) £'000
A	CAMS	(192)	(167)	25
B	Chief Executives	(73)	221	294
C	Education - Schools	(950)	(1,292)	(342)
D	Education - LEA	(957)	(1,036)	(79)
E	Fire & Rescue	228	40	(188)
F	LH&TS	530	508	(22)
G	PT&ES	869	844	(25)
H	Property Services	0	95	95
I	Social Services	2,546	1,936	(610)
J	Treasurer's	0	40	40
K	Other Services	(1,460)	(2,960)	(1,500)
L	YOT	(2)	0	2
	<b>Total</b>	<b>539</b>	<b>(1,771)</b>	<b>(2,310)</b>

Note 1 - A positive number indicates an increasing overspend or a reducing underspend

## 5 Summary

5.1 We are, at the end of Quarter 2, projecting a net underspending of £1,771,000, which would leave reserves totalling £28,404,000 at the end of the year.

DAVID CLARKE  
County Treasurer

Shire Hall  
Warwick

25 October 2005

**Contract and Management Services**  
**Summary of Projected Variations 2005/2006 as at Quarter 2**

Appendix A

Description	Corporate Objective Number (Please complete)	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Service Consequences
ICT Business Unit	6	0	(82)	current forecast trading surplus arising from increased demand (£63K less than forecast at quarter 1)	none	none
County Caterers Business Unit	6	0	166	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	(94)	current forecast trading surplus arising from increased demand (£16K less than forecast at quarter 1)	none	none
Departmental Equipment reserve	6	150	(75)	planned net contribution to renewals fund	none	none
E-Government funded projects	6	1,194	(82)	planned over commitment (£230K) to compensate for anticipated slippage on some projects (slippage currently estimated to be £312K)	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.
Other	6	333	0			
<b>Total</b>		<b>2,165</b>	<b>(167)</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 but are managed within the specific departments allocated the funds, with oversight from COMT.

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**Chief Executive's Department**  
**Summary of Projected Variations 2005/2006 as at Quarter 2**

Appendix B

Description	Corporate Objective Number (Please complete)	Revised Budget  £'000	Projected Overspend (Underspend)  £'000	Reason	Management Action	Service Consequences
Judges House	6	201	(64)	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 three	No adverse consequences are predicted
Coroners	6	305	92	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 has been logged for 2006/2007	The service is not within the departments control, additional costs will have to be met from departmental reserves
Registration	6	292	47	Service reorganisation costs and rent increases on Register Offices	Some of these costs are non-recurring, the budget is currently being reviewed to identify any compensating in-year savings	The overspend will have to be met from departmental reserves
Legal Services Business Unit	6	0	96	Significant one-off expense on the new case management system, increased consultancy fees on the legal strategy and additional use of locums	The significant one-off expense cannot be met from income generation in this year and will be charged to business unit reserves. The basis of meeting additional staffing requirements is currently being reviewed	The overspend will be met from business unit reserves
Legal Core	6	143	29	Additional fees incurred have led to this forecast overspend.	No action required.	The overspend will have to be met from departmental reserves
Executive	6	25	81	Staff costs and small overspendings on a number of budget headings	The overspend will have to be met from departmental reserves	The overspend will have to be met from departmental reserves
LSP Coordinator	6	4	25	Cost of one-off planning events	The overspend will have to be met from departmental reserves	The overspend will have to be met from departmental reserves
Contingency Fund	6	105	(105)	This fund has not, yet, been specifically allocated	Clearly this is likely to be used to off-set some of the overspends identified within this report	This will partly off-set the overspends being identified elsewhere within the service
Other Minor Variations	6	6,436	20	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>7,511</b>	<b>221</b>			

**Chief Executive's Department**  
**Summary of Projected Variations 2005/2006 as at Quarter 2**

Appendix B

Description	Corporate Objective Number (Please complete)	Revised Budget	Projected Overspend (Underspend)	Reason	Management Action	Service Consequences
		£'000	£'000			

**General Comments**

The current department forecast outturn of £221,000 overspent reflects a swing of some £294,000 from the quarter 1 forecast outturn of £73,000 underspent. Clearly this is a substantial change in such a short period of time and has led to a further, urgent investigation of a number of cost centre forecasts to ascertain their accuracy, provide an explanation of the cause(s) of the variation and detail what management action is being undertaken to reduce the forecast variation..

**Education Department - School Controlled**  
**Summary of Projected Variations 2005/2006 as at Quarter 2**

Appendix C

Description	Corporate Objective Number	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Service Consequences
School Devolved TSF	1	5,729	(1,000)	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	(292)	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.	Active budget management (including 3 year plans) by the schools with support from Education professionals.	None.
School Ledger Other	1	(26,703)	0			
<b>Total</b>		<b>210,758</b>	<b>(1,292)</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 the Education department's 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.

NOTE for CT  
DEPT

THERE HAS BEEN A BUDGET MOVEMENT FROM SCHOLL LEDGER OTHER OF £150K TO THE LEA LEDGER. THIS RELATES TO FEDERATED SCHOOL BUDGET MANAGED CENTRALLY

**Education Department**  
**- Non School Controlled**  
**Summary of Projected Variations 2005/2006 as at Quarter 2**

Description	Corporate Objective Number	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Service Consequences
Early Years	1	8,953	(322)	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	260	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	333	Significant increases in costs of routes (fuel prices, contract bids, as well as demographic numbers) 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/ Minor Variations	1	101,039	(68)	It is envisaged that the amount of revenue to be used for supporting the capital programme will be less than anticipated as well as a number of minor overspends and underspends.	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 minor variations are monitored monthly by cost centre managers and termly DMT meeting.	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. The minor variations & consequences are being managed by the department.
<b>Total Non Schools &amp; Non Standards Fund</b>		<b>118,038</b>	<b>203</b>			
Unspent LEA TSF	1	3,963	(1,239)	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 Non Schools Including Standards Fund</b>		<b>122,001</b>	<b>(1,036)</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.

**Fire and Rescue Service**  
**Summary of Projected Variations 2005/2006 as at Quarter 2**

Appendix E

Description	Corporate Objective Number	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Service Consequences
Mutual Assistance	4	0	40	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.	The Service is in the process of reviewing the current agreement with West Midlands Fire Authority to try and address some of the issues around mutual assistance.	The Service will ensure that any actions taken will not effect our Service delivery.
Other	4	24,231	0			
<b>Total</b>		<b>24,231</b>	<b>40</b>			

**General Comments**

**Mutual Assistance.** 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.



Description	Corporate Objective Number (Please complete)	Revised Budget  £'000	Projected Overspen d (Underspe nd) £'000	Reason
Information Technology	6	908	294	Balance of 2003/04 and 2004/05 overspend carried forward.
Procurement	6	0	148	All major procurement activity completed prior to target being set by WCC.
Trading Standards - PIE Division	4	222	(11)	Vacant post of Service Development Officer.
Trading Standards - Business Services Division	4	422	14	Reduced demand for Metroogy calibration services.
Other Minor Variations	1,4 & 6	14,552	63	A number of overspends and underspends none exceeding £10k or 5% of budget.
<b>Total</b>		<b>16,104</b>	<b>508</b>	

**General Comments**

Management Action	Service Consequences
Commencing in 2006/07, DMT is reviewing all fortuitous underspend's in 2005/06 together with progressing 2006/07 service planning in the context of all budget pressures.	Potential reduction in front line services to meet budget pressure.
Working with WCC Procurement Manager to identify any major areas of further savings. Marginal savings being addressed. Piloting Profit Focus initiative to 'printer rationalisation'. Remains a budget pressure.	Potential reduction in front line services to meet budget pressure.
The post has now been filled so project work put on hold can now commence.	There has been a delay in a variety of development activity including consultation work.
Implementation of the costing model separating the statutory and discretionary activities. The Weighbridge Test Unit has been sold and other costings are being worked on. The Mass laboratory closed on 30th September. The standards laboratories closed on 30th September, the service to be outsourced.	The plan to deal with this us being implemented to timetable.
Monitored by monthly DMT reporting and cost centre management.	Various relatively minor service consequences being managed by the Department.

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**Department of PTES**  
**Summary of Projected Variations 2005/2006 as at Quarter 2**

Appendix G

Description	Corporate Objective Number (Please complete)	Revised Budget  £'000	Projected Overspend (Underspend)  £'000	Reason	Management Action	Service Consequences
Waste Management	3	10,807	0	Increased tonnages and increased contract costs and the disposal of electrical goods under the WEEE directive have pushed up costs by £370k . This plus the overspend of £100k in 2004/2005 means we have a pressure of £470k.	The government has pledged to cover the council's new burdens for WEEE so approximately £130k 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. Please see the general comments below.
Regeneration and Economic Development	5	3,962	209	Feasibility studies are underway on major projects , the Ansty Medipark ,Stratford Waterfront and the Olympic games. However this is against a background of reduced income due to tax on dividends loss of the rent on Carlyon road and the need to make efficiencies.	Budgets will be monitored to ensure we come in as close as possible to the budget, and that the new pressures are addressed. A report is being prepared for consideration of how the LAGBI funds could be used , which could include some of these feasibility studies.	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	90	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	100	166	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.

**Department of PTES**  
**Summary of Projected Variations 2005/2006 as at Quarter 2**

Appendix G

Warwickshire Engineering	3	12,400	290	The income target for street advertising (£100k) is taking time to meet as it 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. Our Depot costs are high this year due to problems with the rates on Coleshill depot	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
Countryside Services	3	1,214	0	The Footpath and Footbridge maintenance budget is under pressure but we are looking at charging some to capital and generating further income.	Budgets will be monitored to ensure we come in as close as possible to the budget.	Some work will be capitalised, additional income is expected and savings elsewhere in the budget should bring it back on target.
Other Minor Variations	6	10,260	89	Other variations which we intend to bring back on budget.	Budgets will be monitored to ensure we come in as close as possible to the budget.	This should be minimal
<b>Total</b>		<b>52,390</b>	<b>844</b>			

**General Comments**

The Waste Management budget is over by approximately £470k but we hope to receive £130k to fund the WEEE directive costs and the remainder will be funded from the PSA1 reward funding of £493k, this should leave about £150k for the reward fund and the waste strategy. Funding for the above predicted overspend could come from LAGBI, holding the EPIC and Bishopton P&R to one side to be funded from future receipts and any overspend on roads maintenance be funded as first call on next years budget.

**Property Services Department**  
**Summary of Projected Variations 2005/2006 as at Quarter 2**

Appendix H

Description	Corporate Objective Number (Please complete)	Revised Budget  £'000	Projected Overspend (Underspend)  £'000	Reason	Management Action	Service Consequences
Rural Estates - Smallholdings	5	391	45	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 has been made for additional resources.	None.
Construction Services Business Unit		0	50	The income target for the unit to break even is £3.7million. Whilst the unit are still delivering a massive programme, it is focusing more than ever this year on a quality-orientated approach. This approach may have a marginal impact on the volume of work that can be delivered and, therefore, on fee income.	The Construction Services business unit is the area of the department's budget carrying the greatest risk. The unit's budgeted spending of £3.7 million has to be recovered through fee income from customers for work undertaken. The volume and variety of the unit's income make it particularly difficult to forecast. Forecasts of both income and expenditure are made on a regular basis and discussed with the Head of Construction Services in monthly meetings.	
Other	6	2,615	0		The department's management team discuss the latest financial position at its monthly meetings and take whatever action is considered appropriate. This can include emphasising the point that cost centre managers must live within their budget wherever possible.	None.
<b>Total</b>		<b>3,006</b>	<b>95</b>			

**General Comments**

The department will continue to search for ways of reducing the overspend forecast for the current year. Should the search be unsuccessful the department does have sufficient reserves to meet an overspend of the size forecast.

**Social Services**

Appendix I

**Summary of Projected Variations 2005/2006 as at Quarter 2**

Description	Corporate Objective Number (Please complete)	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Service Consequences
<b>Children</b>						
Care Management	2	14,106	550	Increased legal costs £300k, Salaries with associated travel costs £250k	Delay staff recruitment including use of agency. Keep legal costs under review with County Solicitor. Delay staff recruitment including the use of agency.	Potential delays in responding to children at risk and to court requirements
Residential	2	4,092	(750)	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	9,248	1,200	Increased numbers of children in foster care £1,000k. Increased hired transport costs £200k.	Where possible hold new use of higher cost external placements and continue to develop internal services. Review use of transport and hold new use of taxis.	Potential risk to Looked after Children
<b>Adult</b>						
Older People	2	36,390	(1,700)	Additional income £300k, reduction in central contracts £200k and delay in developments £1,200k .	Maintain this but keep under review	Potential deterioration in certain key performance indicators
Disability	2	24,788	3,000	Overspend on residential, home care, direct payments and other community services £3,500k. Less delayed developments £500k.	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	7,573	(300)	Certain new developments delayed.	Maintain this but keep under review	Delay in improving performance
<b>Support Services</b>	2	17,093	(100)	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	37	36	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>1,936</b>			

**Social Services**  
**Summary of Projected Variations 2005/2006 as at Quarter 2**

Appendix I

**General Comments**

Projected overspending for the department has reduced since quarter 1 forecasts were reported, from £2.5m to £1.9m. This has been achieved largely through the work of managers identifying further scope for efficiencies or delaying planned activity. In children's services, the number of children placed in residential care has reduced marginally since the last report.

To recap, overspending for the department can be attributed in the main to rising numbers of looked after children and children on the Child Protection Register and additional demands for services for people with learning disabilities. These pressures are consistent with the findings of the national survey of Social Services reported in July by the Local Government Association and the Association of Directors of Social Services and were highlighted as major areas of overspending in last financial

As in last financial year, the ability of the department's management team to take action to reduce overspending is centred on holding back planned service developments for older people and looking critically at where planned revenue support to buildings and IT projects can be deferred. The impact of these decisions continues to constrain the extent by which required performance improvements for adult social care can be realised, particularly with regard to increasing the numbers of people helped to live in the community. Each of these areas of budget pressure have been highlighted in some detail in the reports that will go to the November meetings of the Adult & Community and Children & Young People Overview & Scrutiny Committees.

**Treasurers Department**  
**Summary of Projected Variations 2005/2006 as at Quarter 2**

Appendix J

Description	Corporate Objective Number (Please complete)	Revised Budget  £'000	Projected Overspend (Underspend)  £'000	Reason	Management Action	Service Consequences
HRMS project	6	808	167	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. Those which are not will be funded from departmental reserves.
Payroll	6	(12)	(21)	Projected underspend on printing and staffing.	Budget monitoring via DMT and cost centre management.	Underspends will be offset by overspends elsewhere in the department.
CIPFA trainees	6	0	(17)	Unanticipated vacancies.	Teams who usually accommodate a trainee will absorb the work.	Underspends will be offset by overspends elsewhere in the department.
Warwickshire Audit	6	0	(56)	Increased external (fee-earning) work.	Budget monitoring via DMT and cost centre management.	Underspends will be offset by overspends elsewhere in the department.
Projects	6	(27)	16	Reduced external income.	Budget monitoring via DMT and cost centre management.	Overspends will be offset by underspends elsewhere in the department. Those which are not will be funded from departmental reserves.
Other budgets	6	(20)	(49)	A number of minor variations, none exceeding £10k or 5% of gross budget.	Budget monitoring via DMT and cost centre management.	Underspends will be offset by overspends elsewhere in the department.
<b>Total</b>		<b>749</b>	<b>40</b>			

**General Comments**



**Other Services**

Appendix K

**Summary of Projected Variations 2005/2006 as at Quarter 2**

Description	Corporate Objective Number (Please complete)	Revised Budget  £'000	Projected Overspend (Underspend)  £'000	Reason	Management Action	Service Consequences
Interest on revenue balances	6	(1,673)	(1,500)	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	23,876	(1,500)	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	5,782	0			
<b>Total</b>		<b>28,045</b>	<b>(2,960)</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.

**Youth Offending Team**  
**Summary of Projected Variations 2005/2006 as at Quarter 2**

Appendix L

Description	Corporate Objective Number (Please complete)	Revised Budget  £'000	Projected Overspend (Underspend)  £'000	Reason	Management Action	Service Consequences
Other Minor Variations	4	1,369	0	Higher costs than anticipated due to increased number of court orders £12k and higher service charge than anticipated £3k. This is offset by additional monies £15k for project officer time from E- Government Ryogens.	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.	A minor service consequence being managed by the department.
<b>Total</b>		<b>1,369</b>	<b>0</b>			

**General Comments**

In addition to the management actions detailed above, the department is looking at opportunities for efficiency savings across the board, for example in supplies and services procurement, a recruitment freeze on non front line staff, and some further opportunities to bid for specific grants in this financial year.

**Quarter 2 Provisional Revenue Net Spend 2005/2006**  
**Summary of Projected Reserves Balances**

**Appendix M**

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 2 forecast £'000	In Hand (Overdrawn) 31/3/2006 £'000
CAMS	2,465	(1,152)		167	1,480
Chief Exec's	1,895	(567)		(221)	1,107
Education - Schools	8,663			1,292	9,955
Education - LEA	4,981	(4,118)		1,036	1,899
Fire	(44)	(410)		(40)	(494)
LHTS	172	108	9	(508)	(219)
PTES	(419)	530		(844)	(733)
Property Services	579			(95)	484
Social Services	387	(102)		(1,936)	(1,651)
Treasurer's	588	(388)		(40)	160
Other Services	891	(679)		0	212
YOT	328	(171)		0	157
General Reserves	6,947	(55)		2,960	9,852
Insurance Fund	8187				8,187
Capital Fund	3,676	(2,233)			1,443
Fire Radio	1,215				1,215
PIF (Previously Quality & Best Value )	3				3
Virtual Bank	(3,452)	(1,261)			(4,713)
YPSI	60				60
<b>Total</b>	<b>37,122</b>	<b>(10,498)</b>	<b>9</b>	<b>1,771</b>	<b>28,404</b>

				167
				(221)
				1,292
13,644	11,854			1,036
				(40)
				(499)
				(844)
				(95)
				(1,936)
				(40)
1,479				0
				0
				2,960
				0
				0
1,427				0
				0
1,817				0
				0
				1,780

Check	0	493	(2,852)	(1,287)
		493		