

AGENDA MANAGEMENT SHEET

Name of Committee Cabinet
Date of Committee 02 February 2006
Report Title Projected 2005/2006 Revenue Net Spend as at Quarter 3

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

Quarter 1 Projected 2005/2006 Revenue Net spend (reported to Cabinet 8 September 2005)

Quarter 2 Projected 2005/2006 Revenue Net spend (reported to Cabinet 17 November 2005)

CONSULTATION ALREADY UNDERTAKEN:- Details to be specified

- Other Committees
- Local Member(s)
- Other Elected Members Cllr Booth & Cllr McCarney
- Cabinet Member Cllr Cockburn
- Chief Executive Jim Graham, Chief Executive
- Legal David Carter
- Finance David Clarke - reporting officer
- Other Chief Officers The relevant Chief Officer has prepared comments on the 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 The Final Revenue net spend will be reported in
June 2006.

To an O & S Committee

To an Area Committee

Further Consultation

Cabinet - 02 February 2006

Projected 2005/2006 Revenue Net Spend as at Quarter 3

Report of the Strategic Director of Resources

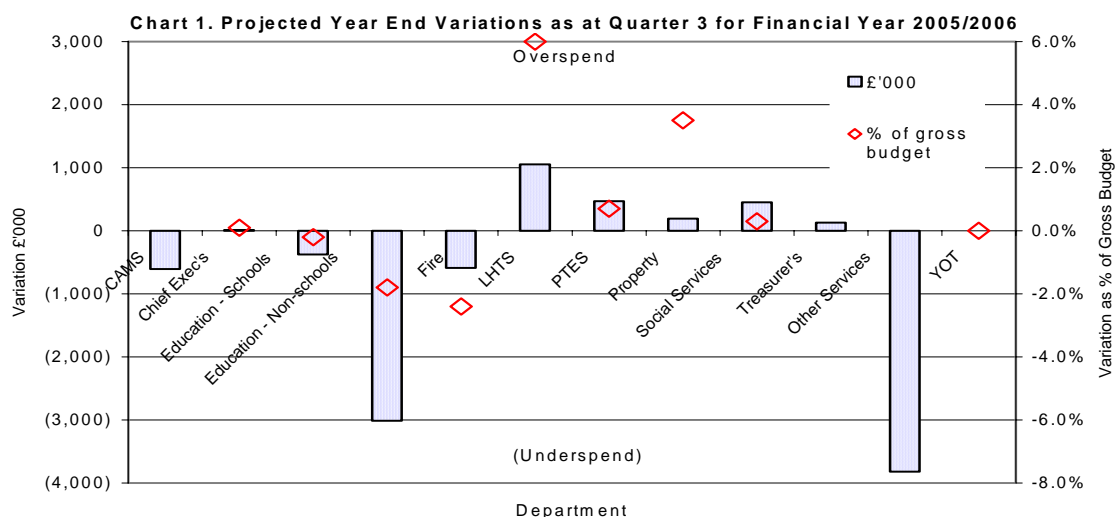
Recommendation

It is recommended that Cabinet:

- Note the provisional 2005/2006 Revenue net spend position and the projected reserves at year end, and ensure appropriate action is being taken to control spending in the delivery of services.
- Approve the transfer of £500,000 of Social Services budget from Children's Residential Care Services to Foster Care Services, detailed in paragraph 2.14.
- Approve the contribution to reserves of £200,000 in 2005/06, detailed in paragraph 3.2.

1 Introduction

- 1.1 The purpose of this report is to inform Members of the projected net spend for 2005/2006 based on the information known at the end of the third quarter.
- 1.2 At this stage our estimated 2005/2006 underspend is £6,093,000. Chart 1 shows the predicted over/underspend for each service compared to the revised budget, and the projected variation as a proportion of the gross budget of the department.



Note: CAMS' projected variation to gross budget of minus 23% and Other Services' project variation to gross budget of minus 13%, due to their current underspends, are outside the scale of this chart.

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	Changes to Budget £'000	Revised Budget £'000	Projected Overspend/ (Underspend) £'000
A	CAMS	2,125	(435)	1,690	(606)
B	Chief Executive's	7,253	288	7,541	12
C	Education - Schools	209,822	1,086	210,908	(374)
D	Education - Non-Schools	118,503	3,772	122,275	(3,012)
E	Fire & Rescue	24,082	350	24,432	(592)
F	LH&TS (including Customer Service Centre)	15,645	456	16,101	1,054
G	PT&ES	51,961	(204)	51,757	470
H	Property Services	3,006	204	3,210	193
I	Social Services	113,485	(253)	113,232	450
J	Treasurer's	361	390	751	130
K	Other Services	27,707	163	27,870	(3,818)
L	Youth Offending Team	1,027	342	1,369	0
	Total	574,977	6,159	581,136	(6,093)

2.2 The revised budget is £6,159,000 higher than the original budget set by Council in February 2005. The main reasons are summarised in Table 2 below.

Table 2 - Summary of Changes to the Original Budget

Description	£'000
Funding for Younger Persons Social Inclusion projects allocated to lead services	235
Use of reserves carried forward from 2004/05 and the repayment of departmental overspends	4,799
Use of PSA Reward reserves carried forward from 2004/05	679
Other approved use of/(transfers to) reserves	1,379
Revised notional asset rentals (budget increased to match charges)	(933)
Total	6,159

- 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 £6,093,000. 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 key variations from the approved budget, forecast to date.
- 2.6 There are currently significant underspends forecast in Education, Fire & Rescue and Other Services, but these are partly offset by projected service overspends in Libraries Heritage & Trading Standards (LHTS), Planning Transport & Economic Strategy (PTES) and Social Services Departments.
- 2.7 The underspend within Education – Non-Schools 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 Education - Schools budgets are projecting an underspend of £374,000, which is £918,000 less than the projection at the end of Quarter 2. Underspends on standards funds and repayment of school loans are partly offset by a forecast overspend on Schools Delegated Budgets.
- 2.9 The underspend within Fire & Rescue is mainly due to Firefighter Pensions and £532,000 will be transferred to the pension reserve to provide for costs in future years.

- 2.10 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 £1,970,000 more interest than expected at the start of the year. Furthermore, lower than budgeted interest rates on our borrowing, and significantly lower than expected total borrowing levels due to the slippage in capital spending in 2004/05 to 2005/06, means it is forecast that £1,834,000 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. Both these items together represent an increased underspend of £804,000 from the position reported in Quarter 2.
- 2.11 The predicted overspend of Libraries, Heritage and Trading Standards (LHTS) includes a projected overspend on the Customer Service Centre. This is being treated as a corporate issue rather than a departmental issue and was not included in the quarter 2 report. COMT have been aware of the projected overspending for some time and had sanctioned it, as its resolution needs to be considered alongside decisions on the long term future of the Customer Service Centre. These decisions are integrally linked with the restructuring of the County Council and its modernisation programme. The forecast overspending for the Libraries, Heritage and Trading Standards department is £417,000 and for the Customer Service Centre is £637,000.
- 2.12 The reported overspend of Planning, Transport and Economic Strategy (PTES) has reduced from £844,000 at quarter 2 to £470,000 at quarter 3. The main changes since quarter 2 are:
- A projected revenue surplus of £145,000 from the decriminalisation of parking in Stratford. This surplus will offset the projected overspend of £142,000 on Bishopton Park and Ride.
 - The Performance Management Division is predicting an underspend of £215,000 due to increased income from utilities under section 74 of the National Roads and Streetworks Act. It is planned to use this surplus to offset the overspend on Warwickshire Engineering carried forward from 2004/05.
 - A reduction in the projected overspend on Warwickshire Engineering of £130,000 is due, in great part, to funding £120,000 of street lighting column replacement from the capital budget.
- 2.13 Social Services are projecting an overspend of £450,000, a reduction of £1,486,000 from the position reported in quarter 2. The main reason for the reduction in the projected overspend is an increased underspend in services to older people due to delaying current developments.
- 2.14 Looked After Children are usually placed in either residential care or with foster carers. Social Services are currently are placing more children with foster carers rather than placing them in residential care. To reflect the change in the current pattern of client spend Cabinet is asked to approve the transfer of £500,000 of budget from Children's Residential Care Services to Foster Care Services.

3 Reserves

- 3.1 The opening balance of reserves as at 1 April 2005 was £37,122,000, whilst the total reserves in hand by 31 March 2006 are estimated to be £33,124,000. Details are shown in Table 3 below.

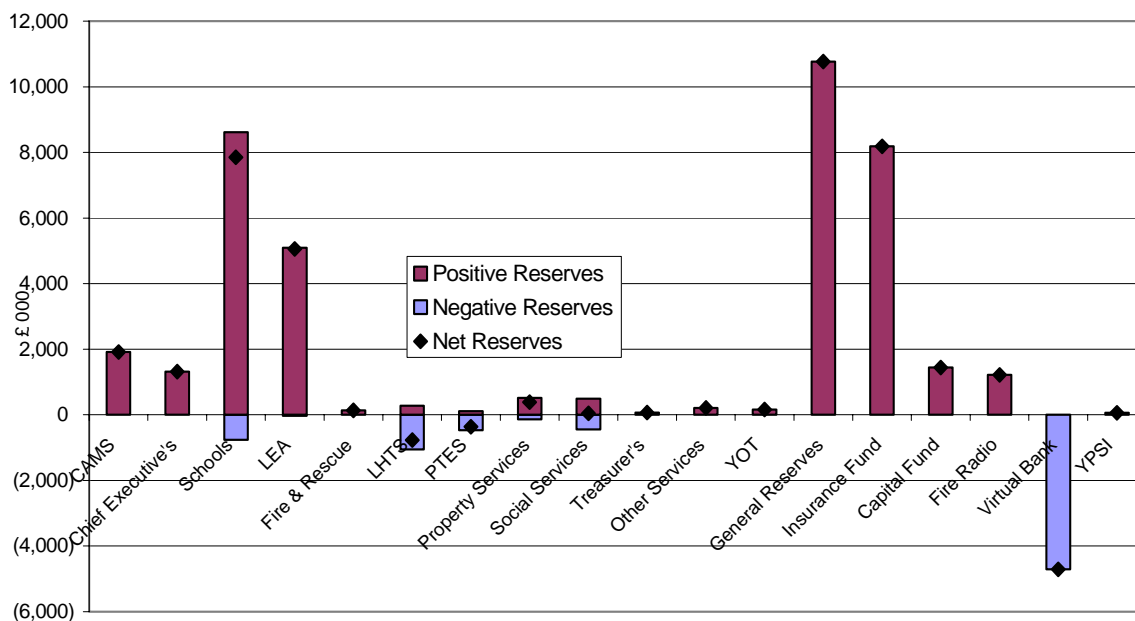
Table 3: Reserves Projection (Including Capital Fund Projected Variation)

Reserve	In-hand / (overdrawn) Revised 1/4/2005	Planned contribution/ (use) in 2005/2006	Additional contribution/ (use) requested	Effect of Projected Variation	Estimated In- hand/ (overdrawn) 31/3/2006
	£'000	£'000	£'000	£'000	£'000
General Reserves (note 1)	6,947	20		3,800	10,767
Capital Fund	3,676	(2,233)		126	1,569
Earmarked - Schools	8,663	0		374	9,037
Earmarked - Non Schools	17,836	(8,204)	200	1,919	11,751
Total	37,122	(10,417)	200	6,219	33,124

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 £200,000 to Social Services reserves which is funded from an underspend in Social Services IT developments. The £200,000 is required to implement new systems.
- 3.3 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.

Chart 2. Projected Reserves Balances at 31st March 2006

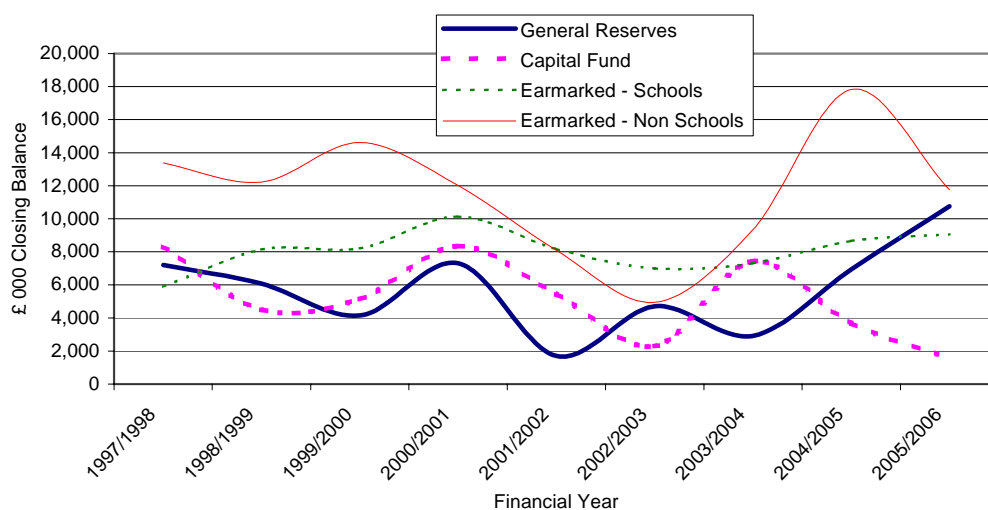


3.4 The planned revisions since 1 April 2005 reduce reserves by approximately 28.1%. When the projected underspend is taken into account year end reserves are expected to be 10.8% lower than the level of reserves at 1 April 2005.

3.5 General reserves are projected to end the year at £10,767,000.

3.6 Chart 3 shows the long-term trends in reserves balances.

Chart 3. Long Term Trends in Reserves



4 Movements In Projections

4.1 The Quarter 2 report was projecting a £1,771,000 underspend. This has changed at Quarter 3 to a projected £6,093,000 underspend. Table 4 below summarises the significant changes from Quarter 2 and also shows a history of changes in projections since Quarter 1 for 2005/2006.

Table 4: Summary of Changes in Variations since Quarter 1 to Quarter 3

Appendix No.	Service	Quarter 1 Projected Overspend/ (underspend) £'000	Quarter 2 Projected Overspend/ (underspend) £'000	Quarter 3 Projected Overspend/ (underspend) £'000	Change from Quarter 2 (Note 1) £'000
A	CAMS	(192)	(167)	(606)	(439)
B	Chief Executives	(73)	221	12	(209)
C	Education - Schools	(950)	(1,292)	(374)	918
D	Education - LEA	(957)	(1,036)	(3,012)	(1,976)
E	Fire & Rescue	228	40	(592)	(632)
F	LH&TS (including Customer Service Centre)	530	508	1,054	546
G	PT&ES	869	844	470	(374)
H	Property Services	0	95	193	98
I	Social Services	2,546	1,936	450	(1,486)
J	Treasurer's	0	40	130	90
K	Other Services	(1,460)	(2,960)	(3,818)	(858)
L	YOT	(2)	0	0	0
	Total	539	(1,771)	(6,093)	(4,322)

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

5 Summary

5.1 We are, at the end of Quarter 3, projecting a net underspending of £6,093,000, which would leave reserves totalling £33,124,000 at the end of the year.

DAVID CLARKE
Strategic Director Of Resources

Shire Hall
Warwick

19 January 2006

Contract and Management Services
Summary of Projected Variations 2005/2006 as at Quarter 3

Description	Corporate Objective Number (Please complete)	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Projected Overspend (Underspend) after Management Action £'000	Service Consequences
ICT Business Unit	6	0	(464)	Current forecast trading surplus arising from increased demand (£382K more than forecast at quarter 2)	None	(464)	
County Caterers Business Unit	6	0	370	Current forecast trading deficit - largely due to unexpected reduction in meal numbers (Jamie Oliver impact)	Investigating staffing levels, costings of menus, prices charged, withdrawal of loss making services	370	
Other Business Units	6	488	(160)	Total increase in surplus of £66K from quarter 2 is made up of :- £10K current forecast trading surplus arising from increased demand PLUS predicted £73K underspend on reserves drawn down for development	None	(160)	
Departmental Equipment reserve	6	150	(7)	Planned net contribution to renewals fund	None	(7)	
Corporate Communications equipment reserve	6	0	171	Unplanned use of reserves to support communications infrastructure at Saltisford	None	171	
E-Government funded projects	6	1,194	0			0	
Virtual Bank		106	(219)	Assumes additional drawdown of £114k for E-procurement and no spend on Document Management (depends on decisions re intranet/document management) plus planned current year BroadBand surplus of £333K to reimburse earlier years expenditure	None	(219)	
Unit charge equalisation A/C	6	0	(297)	Mainly additional income received from PC's and peripherals purchased by departments over and above the replacement programme	The 4 year rolling programme will be reviewed and options agreed before setting next years unit charge	(297)	
Other	6	227	0			0	

Contract and Management Services
Summary of Projected Variations 2005/2006 as at Quarter 3

Description	Corporate Objective Number (Please complete)	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Projected Overspend (Underspend) after Management Action £'000	Service Consequences
Notional Asset Rental adjustment	6	(475)	0			0	
Total		1,690	(606)			(606)	

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.

Chief Executive's Department
Summary of Projected Variations 2005/2006 as at Quarter 3

Appendix B

Description	Corporate Objective Number (Please complete)	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Projected Overspend (Underspend) after Management Action £'000	Service Consequences
Judges House	6	201	(48)	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 four	(48)	No adverse consequences are predicted
Coroners	6	305	128	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	128	The service is not within the departments control, additional costs, which cannot be met from underspendings elsewhere will have to be met from departmental reserves
Registration	6	292	66	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	66	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 will be partially met from income generation in this year and the balance will be charged to business unit reserves. The basis of meeting additional staffing requirements is currently being reviewed	12	The overspend will be met from business unit reserves which are held to deal with one-off and contingent expenses
Legal Core	6	143	29	Additional fees incurred have led to this forecast overspend	Some savings have been identified	16	The overspend will be met from small underspends elsewhere and the departmental contingency fund
Executive	6	25	81	Staff costs and small overspendings on a number of budget headings	Some savings have been identified	71	The overspend will be met from small underspends elsewhere and the departmental contingency fund
LSP Coordinator	6	4	25	Cost of one-off planning events	The overspend will have to be met from departmental reserves	7	The overspend will be met from small underspends elsewhere and the departmental contingency fund
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	(105)	This will partly off-set the overspends being identified elsewhere within the service
Teenage Pregnancy	6	96	0	The budget for this service reflects previous years accumulated reserves and it is now not proposed that all of these should be spent in 2005/2006	Plans will need to be set-out for use of these reserves during 2006/2007	(55)	This sum was provided specifically for Teenage Pregnancy and as such will have to be retained for this purpose. Any underspending will be put to the Teenage Pregnancy Reserve

Chief Executive's Department
Summary of Projected Variations 2005/2006 as at Quarter 3

Appendix B

Description	Corporate Objective Number (Please complete)	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Projected Overspend (Underspend) after Management Action £'000	Service Consequences
Other Minor Variations	6	6,371	20	A number of overspends and underspends, none exceeding £10k, or 5% of budget.	Monitored by monthly DMT reporting and cost centre management	(80)	Various relatively minor service consequences being managed by the department.
Total		7,542	292			12	

Education Department - School Controlled
Summary of Projected Variations 2005/2006 as at Quarter 3

Description	Corporate Objective Number	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Projected Overspend (Underspend) after Management £'000	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.	(1,000)	None.
School Delegated Budgets	1	231,732	1,046	Schools are at present forecasted to over-spend by £1,046,000 (larger over-spends in the secondary sector offset by under-spends in the other sectors) on their delegated budgets.	Active budget management (including 3 year plans) by the schools with support from Education professionals.	1,046	None.
School Ledger Other	1	(26,703)	(420)	Repayments of school loans have exceeded new loans paid out. Also District Audit have agreed it is un-necessary for the department to do a technical adjustment to our accounts at year end. This will result in a one off saving of £100,000	No action required	(420)	None.
Total		210,758	(374)			(374)	

General Comments

The School devolved TSF budget consists of both carry forward and an estimate of devolvement to schools in year. This is held by the Education department's CCMs 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.

Education Department
- Non School Controlled

Appendix D

Summary of Projected Variations 2005/2006 as at Quarter 3

Description	Corporate Objective Number	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Projected Overspend (Underspend) after Management Action £'000	Service Consequences
Early Years	1	8,953	(324)	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. The budget will be reviewed next year when entitlement expands.	(324)	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	7,001	343	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.	343	The overspend will be met from underspends elsewhere in the authority's budget.
Mainstream Transport	1	1,045	277	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.	277	The overspend will be met from underspends elsewhere in the authority's budget.
Recoupment & Out of County Education	1	4,999	(241)	Income from other LEAs pupils attending Warwickshire's Special Schools is higher than anticipated. Fewer / less expensive placements of Warwickshire children in other authorities has contributed to the underspend.	Management are continuing to carefully monitor this complex and volatile demand led budget. Some of the under-spend is to be invested in capacity to back more placements in-house in the future, thereby reducing long term costs.	(91)	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.
ICSS	1	1,546	(200)	Staff vacancies have been the major contribution to the underspend.	It is not anticipated that the problems with recruiting staff will be solved within the time span of this financial year. The under-spend has been planned as a contingency against further grant reductions.	(200)	Difficulty in meeting the service's objectives and business plan.

**Education Department
- Non School Controlled**

Summary of Projected Variations 2005/2006 as at Quarter 3

Description	Corporate Objective Number	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Projected Overspend (Underspend) after Management Action £'000	Service Consequences
Education Business Services	1	231	(235)	- This under-spend is spread evenly amongst the division and has occurred due to lower staffing costs (delayed replacement / lower gradings), increased income from sales and non-use of previous years carry-forward.	Further opportunities to trade will be taken.	(235)	This Business Unit carry forward will enable flexibility in the services it provides in future years and with any changes / challenges it faces during the modernisation agenda.
Department wide/ Minor Variations	1	94,687	(456)	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.	(456)	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.
Total Non Schools & Non Standards Fund		118,462	(836)			(686)	
Unspent LEA TSF	1	3,963	(2,326)	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.	(2,326)	None.
Total Non Schools Including Standards Fund		122,425	(3,162)			(3,012)	

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 3

Description	Corporate Objective Number (Please complete)	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Projected Overspend (Underspend) after Management Action £'000	Service Consequences
Mutual Assistance	4	0	10	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 costs. During the period of Industrial Action within West Midlands, Warwickshire were on standby more frequently which has helped to reduce the original projected overspend.	The Service is still in the process of reviewing the agreement with West Midlands Fire Authority.	10	The Service will ensure that any actions taken will not effect our service delivery.
Warwickshire Car Clear	4	96	(60)	The Service received grant funding in 2004/05 and 2005/06 to combat arson control. Due to project slippage the Service has requested to carry this grant funding forward to develop the	The Service has produced a action plan to ensure that the project is developed and the carry forward is spent in 2006/07.	(60)	The Service will be able to continue delivering the "Car Clear" programme that has already removed over 700 abandoned vehicles and positively impacted on our arson reduction strategy.
Pensions	4	4,013	(532)	In 2005/06 the Service was given additional funding to bring the pensions reserve back into balance. This underspend will be transferred to the pensions reserve to balance the deficit.	Following the review of pensions in 2004/05 the Service is regularly monitoring the position against original predictions.	(532)	It is anticipated that the pensions reserve will be brought into balance in 2005/06.
Other	4	20,323	0		The Service will put plans in place to make small savings against various budgets to off-set the projected overspend on the Mutual Assistance.	(10)	
Total		24,432	(582)			(592)	

General Comments

Mutual Assistance - This expenditure is determined by activity levels that can fluctuate throughout the year, it is therefore difficult to project the year end position with any certainty.

Pensions - At this stage in the year the Service is able to forecast a fairly accurate position, however as employees only have to give 2 weeks notice prior to retirement there is still an amount of uncertainty that could affect the year end position.

Libraries, Heritage and Trading Standards (including Customer Service Centre)
Summary of Projected Variations 2005/2006 as at Quarter 3

Appendix F

Description	Corporate Objective Number (Please complete)	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Projected Overspend (Underspend) after Management Action £'000	Service Consequences
Information Technology	6	908	294	Balance of 2003/04 and 2004/05 overspend carried forward.	Commencing in 2006/07, DMT has agreed to recover this overspend over 3 year period.	294	Potential reduction in front line services to meet budget pressure.
Procurement	6	0	123	All major procurement activity completed prior to target being set by WCC.	This figure has reduced by £25,000 since the last quarters report. Commencing in 2006/07 DMT has agreed to recover this sum over a 3 year period.	123	Potential reduction in front line services to meet budget pressure.
Library Service - Southern Division	1	1,180	64	Under achievement of income. Overspend on staff salaries.	Increased promotion on areas of income generation. Delayed staff recruitment to prevent further overspend.	64	Potential reduction in front line services to meet budget pressure.
Trading Standards - Compliance Division	4	476	(30)	Vacant Posts unfilled	Recruitment taking place. Requirement to undertake second drive to recruit, due to first proving unsuccessful.	(30)	Inability to meet planned service targets
Customer Service Centre			637	Increased service activity	Potential options for reducing this overspend are currently being investigated by Chief Officers.	637	
Other Minor Variations	1,4 & 6	13,537	(34)	A number of overspends and underspends none exceeding £10k or 5% of budget.	Monitored by monthly DMT reporting and cost centre management.	(34)	Various relatively minor service consequences being managed by the Department.
Total		16,101	1,054			1,054	

General Comments

The above information reflects that in real terms the Directorate overspend relates to the following areas:- Information Technology and Procurement. DMT are fully aware of these overspends and have drawn up a 3 year financial plan to reduce them to nil.

Department of Planning Transport and Economic Development
Summary of Projected Variations 2005/2006 as at Quarter 3

Description	Corporate Objective Number (Please complete)	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Projected Overspend (Underspend) after Management Action £'000	Service Consequences
Waste Management	3	11,298	78	Increased tonnages and the disposal of electrical goods under the WEEE directive have been funded by additional grant and by using part of the PSA 1 reward grant	None required	78	This includes using £100k to fund the costs of consultants to advise on the waste strategy. This assumes we will receive £130k in grant to cover the WEEE legislation.
Strategic Services	3	2,627	77	Cost increases within the planning functions	Reductions to be made within these budgets	0	None
Regeneration and Economic Development	5	3,506	58	Reduced income due to tax on dividends and loss of 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. New units at Sir Frank Whittle 3 are about to be occupied, generating a new rental stream.	58	Vacant posts are being held or filled by internal redeployments and project work may need to be delayed.
Eliot park innovation centre	5	0	138	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.	138	This is a temporary cash flow problem which will be repaid in future years.
Performance Management	6	1,173	(215)	Increased income from utilities under RASWA section 74 .	It is planned to use this surplus to offset the shortfalls we had in 2004/2005 in Warwickshire Engineering	(215)	None
Strategic Business Project	5	102	164	Due to delays in sorting the agreement this project slipped from 2004/05 to 2005/06. The budget for this was in 2004/05 and was used to fund pressures in Warwickshire Engineering , the WARCO loss and reduced income on NRASWA.	It is intended that the increased income in performance management will partly fund this. We are also awaiting the result of a £70k insurance claim which we have provided for in the WARCO final accounts.	164	This should be funded from surpluses in other areas.
Community Services	3	3,882	234	We have pressures on our budget for bus services and for Countryside services.	This expenditure will either be recharged to Capital or funded from grant income and there will be a small reduction in expenditure.	20	Negligible.
Transport Planning	3	2,935	(15)	Minor variations only	None required	(15)	None

Department of Planning Transport and Economic Development
Summary of Projected Variations 2005/2006 as at Quarter 3

Description	Corporate Objective Number (Please complete)	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Projected Overspend (Underspend) after Management Action £'000	Service Consequences
Warwickshire Engineering	3	12,401	280	The income target for street advertising (£100k) will not be met. This includes £120k for Street Lighting Column replacements which should now be funded from the additional capital budget, 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. Council has agreed to meet the £100k deficit on street lighting advertising following the decision not to proceed with this initiative. Winter gritting has been frequent over recent weeks and if this continues there is a risk that this will lead to an overspend.	60	This should be minimal as any overspend will be the first call on the following years budget.
Legal SLA	6	230	52	This reflects our increased use of legal services	Reductions will need to be made elsewhere in the department's budgets.	52	This could have an impact on this years expenditure.
Other variations	3	(2,384)	133	Savings targets	Reductions will need to be made elsewhere in the department's budgets.	133	This could have an impact on this years expenditure.
Capital financing and central charges	6	15,015	0	None	None required	0	None
Bishopston Park and Ride	3	(68)	142	This is the first year of operation of the Park and Ride and it will take time to build up numbers but once up to full capacity it will generate a positive cash flow.	This shortfall should be funded from the revenue on Stratford Decriminalisation.	142	None
Decriminalisation	3	1,040	(145)	Projected revenue on Stratford Decriminalisation.	None required	(145)	None
Total		51,757	981			470	

General Comments

The majority of this projected overspend relates to 3 items which total £320k, the Elliot park innovation centre and the Bishopston park and ride project which in the long term should be refunded from future years surpluses and the overspend on County Highways which will be the first call on next years budget.

Property Services

Summary of Projected Variations 2005/2006 as at Quarter 3

Description	Corporate Objective Number (Please complete)	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Projected Overspend (Underspend) after Management Action £'000	Service Consequences
Rural Estates - Smallholdings	5	391	53	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.	It is not now expected that the overspend on rural estates this year can be prevented. For next financial year a bid has been made for additional resources.	53	None.
Construction Services Business Unit	5	0	171	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 charges to customers. The volume and variety of the unit's income make it particularly difficult to forecast. The latest forecasts of both income and expenditure are discussed with the Head of Construction Services in monthly meetings. Fee income is generated when orders are placed with contractors. Action will be taken to minimise slippage on placing orders and thereby maximise fee income.	110	None.
Gypsy Sites	5	29	50	Site management costs of over £2,000 per month continue to be incurred following delays in the case being resolved by the Court. During this dispute the department are continuing to pay these costs and other costs associated with the running costs e.g. electricity, water, etc.	Management action has been to liaise with Legal Services and press for resolution of this matter through the Courts.	50	Service consequences i.e. public disorder, could be expected to arise if the department did not pay a management company to manage the site.
Other	5	2,790	(20)	A small saving is forecast in the Urban Estates salaries budget. Other overspends and underspends are forecast to cancel each other out.	The department's management team discuss the latest financial position at its monthly meetings and take whatever action is considered appropriate. This includes emphasising the point that cost centre managers must live within their budget wherever possible.	(20)	None.
Total		3,210	254			193	

Property Services

Summary of Projected Variations 2005/2006 as at Quarter 3

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

Summary of Projected Variations 2005/2006 as at Quarter 3

Description	Corporate Objective Number (Please complete)	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Projected Overspend (Underspend) after Management Action £'000	Service Consequences
Children							
Care Management	2	14,332	200	Increased legal costs £300k, Salaries with associated travel costs reduced from £250k to 0. Additional income £100k	Keep legal costs under review with County Solicitor. Continue to delay staff recruitment including the use of agency.	200	Potential delays in responding to children at risk and to court requirements
Residential	2	3,586	(250)	Reduced numbers of children in residential placements. £500k budget vired to foster care.	Keep position under review	(250)	Reflects policy decision to care for looked after children in non -residential settings
Other services	2	9,603	1,150	Increased numbers of children in foster care £800k. Increased hired transport costs £200k. Parent & baby placements £150k	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.	1,000	Potential risk to Looked after Children
Adult							
Older People	2	36,360	(2,530)	Additional income £400k and delay in developments £2,130k .	Continue to delay developments to achieve a balanced budget.	(2,700)	Potential deterioration in certain key performance indicators
Disability	2	25,068	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.	3,000	Potential reduction in service levels and inability to deliver on Govt agenda to develop person centred planning in service design.
Other adult services	2	7,694	(300)	Certain new developments delayed.	Maintain this but keep under review	(300)	Delay in improving performance
Support Services	2	16,552	(400)	Reduced staff development £220k and Financial Services £90k, IT £90k	Continue to delay developments and filling of vacant posts where possible	(530)	Various relatively minor service consequences being managed by the department, but some carry forward required
Asylum Seekers	2	37	30	Changes in Home Office grant treatment could mean reduced funding for individual clients	Monitored by monthly DMT reporting and discussions with Home Office.	30	
Total		113,232	900			450	

General Comments

Social Services

Summary of Projected Variations 2005/2006 as at Quarter 3

Description	Corporate Objective Number (Please complete)	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Projected Overspend (Underspend) after Management Action £'000	Service Consequences
<p>Projected overspending for the Department has reduced since quarter 2 forecasts were reported, from £1.9m to £0.9m. This has been achieved largely through the work of managers identifying further scope for efficiencies or delayed planned activity, together with delaying developments and the filling of vacant posts in support services. It is anticipated that further work could bring the overall final deficit to around £0.5m. by the end of the year.</p> <p>A sum of £0.5m has been vired from Children's residential care to foster care to reflect the change in the current pattern of client spend. Cabinet is asked to approve this virement.</p> <p>One off resources of £200k have been set aside for implementing new systems. It is vital that this sum is carried forward to implement the systems already purchased and it is proposed to set up a reserve for this purpose.</p>							

Treasurer's Department
Summary of Projected Variations 2005/2006 as at Quarter 3

Appendix J

Description	Corporate Objective Number (Please complete)	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Projected Overspend (Underspend) after Management Action £'000	Service Consequences
HRMS project	6	808	333	Current prudent estimate of total costs for the year. Includes hardware upgrade not previously budgeted for and increased CAMS costs.	Continue to monitor costs and identify potential sources of funding.	333	Overspends will be offset by underspends elsewhere in the department and, if necessary, departmental reserves.
Systems budgets	6	(235)	(67)	Staff savings plus reduced CAMS system centre support.	Continue to monitor.	(67)	Underspends will be used to offset overspends elsewhere in the department.
Payroll	6	(12)	(12)	Additional income generated.	None necessary.	(12)	Underspends will be used to offset overspends elsewhere in the department.
CIPFA Trainees	6	0	(17)	Unanticipated vacancies.	Teams who usually accommodate a trainee will absorb the work.	(17)	Underspends will be used to offset overspends elsewhere in the department.
Other budgets	6	190	(107)	Some savings previously identified moved to central departmental budget to cover overspends elsewhere in department.	None necessary.	(107)	Underspends will be used to offset overspends elsewhere in the department.
Total		751	130			130	

Other Services

Summary of Projected Variations 2005/2006 as at Quarter 3

Description	Corporate Objective Number (Please complete)	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Projected Overspend (Underspend) after Management Action £'000	Service Consequences
Interest on revenue balances	6	(1,673)	(1,970)	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. Although this will not alter the variation, monitoring the size of the variation will allow for improved planning.	(1,970)	Underspend will impact on general reserves.
Capital financing charges	6	23,777	(1,834)	Capital underspend in 2004/2005 meant that borrowing was lower than budgeted. Interest rates did not rise as anticipated.	Continue to monitor borrowing rates. Although this will not alter the variation, monitoring the size of the variation will allow for improved planning.	(1,834)	Underspend will impact on general reserves.
Other admin charges	6	60	40	Cost of early termination of grounds maintenance leases borne centrally.	None available.	40	Overspend will impact on general reserves.
Members Allowances	6	998	(30)	Not all members participating in superannuation scheme.	None available.	(30)	Underspend will impact on general reserves.
PIF fund	6	19	(19)	No PIF money applied for by departments.	None available.	(19)	Any underspend will go into the earmarked PIF reserve.
Other budgets	6	4,689	(5)	A number of minor variations.	None available.	(5)	Any under or overspend will impact on general reserves.
Total		27,870	(3,818)			(3,818)	

Youth Offending Team
Summary of Projected Variations 2005/2006 as at Quarter 3

Description	Corporate Objective Number (Please complete)	Revised Budget £'000	Projected Overspend (Underspend) £'000	Reason	Management Action	Projected Overspend (Underspend) after Management Action £'000	Service Consequences
Other Minor Variations	4	1,369	10	Overspend of £45k caused by a marked increase in the use of custodial remand for young people. This is offset by vacancy savings of £35k.	The service will balance out over and underspends through the year taking action where necessary.	0	Secure Accommodation is difficult to manage as it is dependent on the number of young people who may need the service.
Total		1,369	10			0	

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

Appendix M

Title of Reserve	In Hand (Overdrawn) 1/4/2005 (Revised) £'000	Approved Transfer to/(Use of) in 2005/06 £'000	Additional Contributions/(Use) Requested £'000	Effect of Quarter 3 Forecast £'000	In Hand (Overdrawn) 31/3/2006 £'000
CAMS	2,465	(1,152)		606	1,919
Chief Executive's	1,895	(567)		(12)	1,316
Education - Schools	8,663			374	9,037
Education - Non-schools	4,981	(4,117)		3,012	3,876
Fire & Rescue	(44)	(410)		592	138
LHTS	172	108		(1,054)	(774)
PTES	(419)	530		(470)	(359)
Property Services	579			(193)	386
Social Services	387	(97)	200	(450)	40
Treasurer's	588	(388)		(130)	70
Other Services	891	(679)			212
Youth Offending Team	328	(171)			157
General Reserves	6,947	20		3,800	10,767
Insurance Fund	8,187				8,187
Capital Fund	3,676	(2,233)		126	1,569
Fire Radio	1,215				1,215
Policy Initiative Fund	3			18	21
Virtual Bank	(3,452)	(1,261)			(4,713)
Young Persons Social Inclusion	60				60
Total	37,122	(10,417)	200	6,219	33,124