

**AGENDA MANAGEMENT SHEET**

**Name of Committee**

**Cabinet**

**Date of Committee**

**06 April 2006**

**Report Title**

**2006/07 Revenue Estimates**

**Summary**

The report provides members with further details on Strategic Directors detailed proposals for the use of the resources allocated at Council on 7 February 2006 and their comments on the implications for their service.

**For further information please contact:**

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No.

**Would the recommended decision be contrary to the Budget and Policy Framework?**

**Background papers**

Council Resolution "2006/07 Revenue Budget" approved on 7 February 2006.

**CONSULTATION ALREADY UNDERTAKEN:-**

Details to be specified

Other Committees

.....

Local Member(s)

.....

Other Elected Members

Cllr Tandy, Cllr Roodhouse, Cllr Booth, Cllr McCarney – for information

Cabinet Member

Cllr Farnell, Cllr Cockburn – approved for circulation

Chief Executive

Jim Graham - reporting officer

Legal

David Carter - for information

Finance

Dave Clarke - reporting officer

Other Chief Officers

The individual appendices have been prepared by the relevant Strategic Director

District Councils

.....

Health Authority

.....

Police  .....

Other Bodies/Individuals  .....

**FINAL DECISION YES**

**SUGGESTED NEXT STEPS:**

Details to be specified

Further consideration by this Committee  .....

To Council  .....

To Cabinet  .....

To an O & S Committee  .....

To an Area Committee  .....

Further Consultation  .....

**Cabinet - 06 April 2006**

**2006/07 Revenue Estimates**

**Report of the Chief Executive and Strategic Director of Resources**

**Recommendation**

Members are recommended to:

- Approve the detailed estimates for each service directorate as outlined in Appendices A to G of this report and in the accompanying separate document titled “2006/07 Revenue Budget – Detailed Service Estimates”,
- Approve the grants to voluntary organisations listed in section 3 of Appendix A.
- Approve the increase in charges of 35p per meal for meals on wheels and lunch clubs to allow a phasing out of the management fee as detailed in section 4 of Appendix A.

**1 2006/07 Revenue Budget**

1.1 Council, on 7 February 2006, approved a budget for 2006/07 of £267.309 million. Since this time the Strategic Director of Resources has approved a number of tidying-up adjustments following the restructuring of the authority. Whilst this does not change the bottom-line figure there are some minor changes to the net budget figures for a number of the directorates. Table 1 shows the adjusted budget for each directorate.

<b>Table 1: 2006/07 Adjusted Revenue Budget</b>			
Directorate	Budget Approved By Council 07/02/06 £ million	Restructuring Adjustment £ million	Adjusted 2006/07 Budget £ million
Adult, Health and Community Services	105.492	(0.080)	105.412
Children, Young People and Families	129.384	(0.003)	129.381
Community Protection	23.635	0.060	23.695
Environment and Economy	55.346	0.001	55.347
Performance and Development	5.154	(0.011)	5.143
Resources	4.402	0.033	4.435
Other Services	30.112	-	30.112
Less Notional Capital Charges	(82.338)		(82.338)
<b>Total Service Spend</b>	<b>271.187</b>	<b>0.000</b>	<b>271.187</b>
Use of Reserves	(3.878)	-	(3.878)
<b>2006/07 Net Budget</b>	<b>267.309</b>	<b>0.000</b>	<b>267.309</b>

- 1.2 It is expected there will be a further round of tidying up adjustments associated with the restructuring in the coming months. These will be reported to members as part of the 2006/07 Quarter 1 Revenue Budget Monitoring report on 7 September 2006.

## **2 2006/07 Detailed Service Estimates**

- 2.1 For sound financial management reasons it is important that individual managers know the level of budget they will have available for the forthcoming year and what they will be expected to deliver with the resources. This report therefore seeks member's approval to the proposals of each Strategic Director for using the resources available for their directorate.

- 2.2 Each directorate's proposals are set out in **Appendices A to G** as follows:

### **Appendix**

A	Adult, Health and Community Services
B	Children, Young People and Families
C	Community Protection
D	Environment and Economy
E	Performance and Development
F	Resources
G	Other Services

- 2.3 Each appendix covers a number of issues:

- The planned use of the resources allocated by Council
- Proposals for meeting the 2.5% efficiency savings target set as part of the 2006/07 budget,
- Details of how the directorate proposes to manage, monitor and review spending and any consequent service implications during the year, and
- The comments of the Strategic Director on the service implications of the budget and how the directorate plans to manage any financial pressures identified to Overview and Scrutiny Committees in the autumn but not funded in the budget.

- 2.4 In addition to the narrative information contained in the Appendices each directorate has produced a set of numerical annexes containing additional financial detail. These are not included as part of the agenda but copies have been placed in each Group room and will be available on the committee administration system in a document titled "2006/07 Revenue Budget – Detailed Service Estimates". The detailed analysis of the estimates for each directorate are set out as Annexes A to E covering the following areas:

Annex

- A Service Analysis
- B Subjective Analysis
- C Analysis of Budget Changes
- D Budget Management Arrangements
- E Staff Numbers and Statistics

In addition Adult, Health and Community services have included an additional Annex F, which lists their proposed grants to voluntary organisations for 2006/07, totalling £0.140 million.

JIM GRAHAM  
Chief Executive

DAVE CLARKE  
Strategic Director of Resources

## Adult, Health and Community Services

### Revenue Estimates 2006/07

#### 1 Available Resources

1.1 Council approved a budget of £105.492 million for Adult, Health and Community Services on 7 February 2006. Since then further adjustments have been between Strategic Directorates giving a revised budget of £105.412 million. This represents an increase of £4.896 million over the adjusted base budget for 2006/07.

1.2 Table 1 below details how the budget for 2006/07 was arrived at.

<b>Table 1: 2006/07 Resources</b>	<b>£m</b>	<b>£m</b>
2006/07 Base Budget	110.596	
Additional restructuring adjustment	(0.080)	
<b>2006/07 Adjusted Base Budget</b>		<b>110.516</b>
<b>2006/07 Budget Allocations:</b>		
□ Pay and Price / Inflation	3.077	
□ Demographic changes	3.449	
□ Well-being threshold introduced for access to adult social care	0.500	
□ Initiatives in Libraries, Heritage & Trading Standards	0.109	
		<b>7.135</b>
<b>2006/07 Efficiency savings required</b>		<b>(2.239)</b>
<b>Additional Resources for 2006/07</b>		<b>4.896</b>
<b>2006/07 Net Expenditure</b>		<b>105.412</b>

#### 2 Planned Use of Resources

2.1 In the reports to the Adult and Community Services Overview and Scrutiny Review Committee in November 2005 £8.353 million of budget pressures were identified and a further £4.090 million of proposals not covered explicitly by existing policies.

2.2 The Adult, Health and Community Services Department plans to use the £4.896 million additional resources allocated by Council to meet these requirements are set out in Table 2 below.

<b>Table 2: Planned Use of Additional Resources</b>	<b>£ million</b>	<b>£ million</b>
Inflation pressures :		
• Adult Services	2.452	
• Libraries & Heritage	0.313	
• Trading Standards	0.060	
		<b>2.825</b>
Budget pressures :		
• Adult Services :		
- Loss of Grant	0.828	
- Demographic / base requirements	2.793	
- Wellbeing Development	0.500	
		<b>4.121</b>
• Libraries & Heritage		
- Museums Collection Management System	0.054	
- ICT on Mobile Libraries	0.050	
		<b>0.104</b>
• Trading Standards		
- Sale of Aerosols		<b>0.005</b>
Revenue costs of capital		<b>0.080</b>
Efficiency savings		<b>(2.239)</b>
<b>Additional Resources Allocated</b>		<b>4.896</b>

2.3 The impact of the savings requirement of £2.239 million has yet to be determined in detail but all areas of the budget will contribute. Areas being considered are:-

- Charging for non-residential services.
- Reviewing Services for People with Disabilities.
- Reviewing the costs of internally provided residential accommodation.
- Reducing costs of internally provided home care.
- Seeking opportunities to save across all budgets not specifically targeted above, including support costs.

Some resources allocated for inflation, mainly in relation to administrative overheads have not been passed on to managers who will have to absorb increased costs in this area.

- 2.4 The savings target will affect all services throughout the Directorate and reports on progress in achieving the target and its impact on services will be reported through the quarterly review process.

### 3 Grants to Voluntary Organisations

- 3.1. Grants have been up rated for inflation at 2.0%, but further work will continue to assess whether or not they should continue or whether a formal contract should be introduced. In addition, we shall work with colleagues to ensure overall resources provided for voluntary organisations are used efficiently. Cabinet is requested to approve the grants for 2006/07 listed in Table 3, totalling £0.140 million.

<b>Table 3: Grants to Voluntary Organisations</b>	
	£
<b>Adult Services</b>	
Iris Lees Day Centre, Warwick	35,790
Waverley Day Centre, Kenilworth	50,550
<b>Total Adult Services</b>	<b>86,340</b>
<b>Other Services</b>	
Relate	3,704
Grants to Minority Ethnic Communities	
- Guru Nanak Day Centre	5,500
Rugby CVS	654
North Warwickshire CVS	630
Nuneaton CVS	822
Nuneaton & Bedworth Volunteer Bureau	13,308
Stratford CVS	1,137
Stratford Volunteer Bureau	14,255
Warwick CVS	1,121
Warwick Volunteer Bureau	12,626
<b>Total Other Services</b>	<b>53,757</b>
<b>Total Grants</b>	<b>140,097</b>

### 4 Meals Service

- 4.1. The provision of meals on wheels and lunch clubs is carried out by way of a contract with WRVS and this is now under review. WRVS pay all costs and collect all income, a turnover of approximately £0.8 million. Under the contract the Departments pays a management fee of £0.177 million.
- 4.2. The current charges are £2.15 for meals on wheels and £2 25 for lunch clubs. Many authorities now charge over £3 and the meals service is almost self-funding with no management fee or subsidy. In addition the lunch clubs still remain open access. The provision of meals on wheels tends to be part of a care plan assessed formally.



- 4.3. The proposal is to phase out the management fee over a period, say three years. To do this it will be necessary to allow WRVS to increase the charges on a phased basis towards the charges made by other authorities. Early discussions with WRVS indicate that there would not be a significant fall off in meals. An initial 35p increase is suggested for 2006/07 and further discussions will take place with WRVS on the process for implementation, which would likely to be the beginning of June.
- 4.4. It is recommended that Members approve the increase in charges of 35p per meal to allow a phasing out of the management fee.

## **5 Strategic Director's Comments**

- 5.1 Further work is required not only to identify the savings required but also where resources can be reprioritised to help meet the budget pressures identified in the earlier report to Overview and Scrutiny Committee.
- 5.2 Given the savings targets our ability to maintain current levels of services whilst meeting national regulatory standards will be challenging. However everything possible will be done to mitigate the effect on customers, particularly the most vulnerable. Service innovation and appropriate beneficial partnership arrangements will be explored to release pressure on the budget.

Graeme Betts  
Strategic Director  
Adult, Health and Community Services

## Children, Young People and Families Revenue Estimates 2006/07

### 1. Available Resources

1.1 Council approved a budget of £129.381 million for the Children, Young People and Families (CYPF) Directorate on 7<sup>th</sup> February 2006. This represents an increase of £4.695 million over the adjusted base budget for 2006/07.

1.2 Table 1 below details how the budget for 2006/07 was arrived at:

<b>Table 1: 2006/07 Resources</b>	<b>£m</b>	<b>£m</b>
2006/07 Base Budget	124.689	
Additional restructuring adjustment	(0.003)	
<b>2006/07 Adjusted Base Budget</b>		<b>124.686</b>
<b>2006/07 Budget Allocations:</b>		
<input type="checkbox"/> Pay and Price Inflation	1.858	
<input type="checkbox"/> Increasing costs of Looked-After Children	1.000	
<input type="checkbox"/> Loss of Children Safeguarding Grant	0.571	
<input type="checkbox"/> Children Social Services Modernisation	0.164	
<input type="checkbox"/> Children Integrated Systems	0.100	
<input type="checkbox"/> Local Safeguarding Board	0.040	
<input type="checkbox"/> Children Act Project Team	0.125	
<input type="checkbox"/> Camp Hill Community Programmes	0.172	
<input type="checkbox"/> Mainstream & Special Education Transport	0.398	
<input type="checkbox"/> Revenue Cost of Capital	0.512	
<input type="checkbox"/> Grounds Maintenance Contract	0.275	
<input type="checkbox"/> Youth Service	0.342	
<input type="checkbox"/> Health and Disability	0.350	
<input type="checkbox"/> Intercultural Curriculum Support Service	0.175	
<input type="checkbox"/> Vocational Training	0.050	
<input type="checkbox"/> Youth Offending Team	0.080	
		<b>6.212</b>
<b>2006/07 Efficiency Savings Required</b>		<b>(1.517)</b>
<b>Additional Resources for 2006/07</b>		<b>4.695</b>
<b>2006/07 Net Expenditure</b>		<b>129.381</b>

## **2. Planned Use of Resources**

- 2.1 In the report to the Children and Young People Overview and Scrutiny Committee in November 2005 the Directorate/Service identified £5.564 million of budget pressures and £2.400 million of proposals not covered explicitly by existing policies.
- 2.2 The Directorate Management Team (DMT) has reviewed all its budgets in the light of the cost-effectiveness target and identified areas where savings will be targeted. Progress against these efficiency savings targets and the implications of implementing them will be monitored and progress reported to DMT and Cabinet.
- 2.3 The additional resources will be allocated to the appropriate Cost Centre Manager (CCM). New integrated monitoring procedures will be introduced within the new Directorate with reporting to the DMT as well as to Cabinet on a quarterly basis.

## **3. Strategic Director's Comments**

- 3.1 Expenditure in children's social care is driven principally by the numbers of looked-after children and the numbers of referrals. So the spending bids originally presented focused on national requirements and pressures on existing services. The key to effective financial management of this issue is the balance between the differing types of provision coupled with effective strategies employed to manage demand. The ongoing funding of the current overspending on children's services would have a major impact on the new Directorate. Therefore, the decision to make an allocation of £2 million to meet the cost of the increasing number of looked-after children and also to begin to develop the modernisation and organisational change for the Service will be very helpful in setting the new Directorate on a sound financial footing.
- 3.2 Similarly, education-related spending bids were generated largely as a response to national priorities, particularly where temporary funding has ceased, but there was still a requirement to maintain the Service. Therefore, additional resources for mainstream home-to-school transport and the cost of capital from projects previously approved are also welcome. In addition, funding for the cross-departmental Children Act Project Team will allow this vital work to be mainstreamed into the new Directorate. The additional resources for the Camp Hill Community Project will enable the Council to maximise its use of this valuable community asset.
- 3.3 Additional resources for the Intercultural Curriculum Support Service (ICSS) will assist in reshaping the service in response to the DfES reduction in funding. The replacement of some vocational training grant funding (lost as European Union funding drops out) has been targeted to schools to support students on existing schemes. Overall schools have received funding in excess of inflation. However, planning for this year's school budgets

continues to be complicated by targets, regulations and complex funding arrangements from the DfES. The artificial split of services between the Schools block and the LEA block ("Children block" from 2006/07) has produced differentiated funding within the department, which is difficult to manage. The requirement to include a 3.4% per pupil guaranteed minimum increase for all secondary and special schools and 4.0% for primary schools in the local funding formula largely precludes the Authority from shifting resources to local priorities by imposing uniform increases, based on pupil numbers. Those with falling pupil rolls or existing financial deficits still face difficult budgetary decisions over the coming year, particularly in the secondary sector. The Authority is working closely with these schools to ensure that the situation is managed effectively.

- 3.4 Pressure on the Directorate to meet growing legislative directives, local priorities and increased demand will lead to a strain on the capacity of the department. This position is exacerbated by the imposition of 2.5% efficiency savings. Heads of Service have been tasked with identifying areas for efficiency savings within their divisions. However, there are some areas of expenditure (for example, the ongoing impact of pensions) where the cost has already been incurred and savings cannot be targeted. There are other areas where there are policy ramifications emanating from any reduction. One key area is post-16 transport, which was explicitly not funded as part of the County Council's overall budget resolution. Members have already agreed certain measures that should reduce costs from September 2006. However, to find additional savings of possibly up to £240,000 will require either a further increase in charges to students or a reduction in supported transport for those starting new courses.
- 3.5 So, I will need to review future levels of service provision and priorities across all services, ensuring that the impact on front-line services is minimised and the ability to discharge our statutory obligations is maximised. Bringing together investment with partners and integrating commissioning will also enhance the pattern of service provision in the medium term.
- 3.6 The additional resources highlighted above are most welcome. However, no further investment has been secured to support new initiatives, whether they are in schools, elsewhere in the Directorate or corporately. This is of particular concern, given the many challenges facing the new service. I will work with Heads of Service to identify and generate further efficiencies resulting from bringing together the new Directorate, but it is important to note that the following development bids that were presented to the Children and Young People Overview & Scrutiny Committee and Cabinet have not been funded:

<b>Table 2: Development bids not funded</b>	<b>£</b>
Shortfall on Allocation for the Children Act Team	60,000
Children's Services Modernisation and Change – shortfall on bid	103,000
Health and Disability – shortfall on bid	160,000
Children's Social Services – pressure on existing service – shortfall on bid	336,000
Integrated Systems – Children's Social Services – shortfall on bid	105,000
Children's Services – funding issues	168,000
Inflation on Children's Grants	47,000
College Transport	182,000
School Attendance Targets – “unavoidable” bid not accepted	75,000
14-19 Vocational Training – now supplemented by ISB funds to Schools	204,000
Extended Schools Out of Hours	100,000
Young People and Consultation	102,000
Area Community Learning	75,000
Youth and Signposting	129,000
CREATES Recycle	25,000
Assessment, Statementing and Review Service – SEN	100,000
Better Financial Management in Schools	100,000
Youth Offending Team – Reparation	7,000
Youth Offending Team – Bail Supervision Scheme	30,000
Youth Offending Team – Criminal Justice Centre, Nuneaton	40,000
Centrally Employed Primary Headteacher	58,000

MARION DAVIS  
 Strategic Director for Children,  
 Young People and Families

22 Northgate Street  
 Warwick

16<sup>th</sup> March 2006

## Community Protection Revenue Estimates 2006/07

### 1 Available Resources

1.1 Council approved a budget of £23.635 million for Community Protection on 7 February 2006. This has increased by £0.060 million as a result of further restructuring adjustments, giving a 2006/07 adjusted base budget of £23.221 million. This represents an increase of £0.474 million over the adjusted base budget for 2006/07.

1.2 Table 1 below details how the budget for 2006/07 was arrived at.

<b>Table 1: 2006/07 Resources</b>	<b>£m</b>	<b>£m</b>
2006/07 Base Budget	23.161	
Additional restructuring adjustment	0.060	
<b>2006/07 Adjusted Base Budget</b>		<b>23.221</b>
<b>2006/07 Budget Allocations:</b>		
□ Inflation	0.707	
□ Fire Equipment and Appliances	0.188	
□ Community Safety	0.072	
		<b>0.967</b>
<b>2006/07 Efficiency savings required</b>		<b>(0.493)</b>
<b>Additional Resources for 2006/07</b>		<b>0.474</b>
<b>2006/07 Net Expenditure</b>		<b>23.695</b>

### 2 Planned Use of Resources

2.1 In the report to Community Safety Overview and Scrutiny Review Committee in October 2005 the directorate identified £0.859 million of budget pressures covered explicitly by existing policies and £0.095 million of proposals not covered explicitly by existing policies. In addition, we also requested £0.075 million for the full year effect of decisions taken in 2005/06 relating to the leasing of fire appliances.

2.2 The Community Protection Directorate plans to use the £0.967 million additional resources allocated by Council to meet these requirements are set out in Table 2 below.

<b>Table 2: Planned Use of Additional Resources</b>	<b>£ million</b>
□ Inflation	0.707
□ Leasing	0.148
□ New Dimensions	0.030
□ Command and Control	0.010
□ Combating Anti-Social Behaviour & Strengthening Communities	0.036
□ Reducing the harm caused by alcohol	0.018
□ Continue effective publicity to reduce the fear of crime	0.018
<b>Additional Resources Allocated</b>	<b>0.967</b>

- 2.3 The Community Protection Directorate is required to make £0.493m of efficiency savings. An efficiency plan is being drawn up on a medium term basis, which will identify the areas from which these savings can be achieved, and also considers how the Directorate can achieve its contribution to the English Fire Authorities Efficiency target set by the Office of the Deputy Prime Minister (ODPM), the savings from which are intended to fund the Fire and Rescue modernisation agenda. The top-slice targets are extremely challenging this year, and are likely to be so over the medium term, so proposals are currently being formulated to provide Members with options for achieving the savings. Until the necessary discussions and decisions have taken place, we are not in a position to finalise where they will be found. A report will be submitted to Members at the earliest opportunity during 2006/07 when more detail has been agreed.
- 2.4 The additional resources allocated by Members will be managed, monitored and reviewed through our existing financial and performance management processes, through regular reports to Policy Board, and through the existing quarterly arrangements for reporting service performance, financial performance and progress on achieving efficiency savings to Members.

### **3 Strategic Director's Comments**

- 3.1 The efficiency saving presents significant challenges to the Community Protection Directorate, and the Fire and Rescue Service in particular since the majority of its budget is related to staff costs. As a consequence we need to look at the distribution and location of our resources, and consider a greater use of collaborative working to ensure we continue to achieve the necessary resilience.
- 3.2 The budget pressures identified in the report to Community Safety Overview and Scrutiny Review Committee in October 2005 have largely been funded by Members. The necessary resources required to fund the remaining pressures covered explicitly by existing policies will be found internally through the budget setting process. Where shortfalls exist with regard to proposals not covered explicitly by existing policies, these projects will no longer be taken forward.

William Brown  
Strategic Director of Community Protection

## Cabinet - 6th April 2006

### Environment and Economy Revenue Estimates 2006/07

#### 1 Available Resources

Council approved a budget of £55.346 million for the Environment and Economy Directorate on 7th February 2006. This has increased by £0.001 million as a result of further restructuring adjustment giving a 2006/07 adjusted Base Budget of £52.394 million. This represents an increase of £2.953 million over the adjusted base budget for 2006/07. Table 1 below details how the budget for 2006/07 was arrived at.

<b>Table 1: 2006/07 Resources</b>	<b>£m</b>	<b>£m</b>
2006/07 Base Budget	52.393	
Additional restructuring adjustment	0.001	
<b>2006/07 Adjusted Base Budget</b>		<b>52.394</b>
<b>2006/07 Budget Allocations:</b>		
□ Inflation	1.576	
□ Waste Disposal – Landfill tax, increased tonnages	0.936	
□ Waste Strategy Consultants	0.100	
□ Concessionary Fares and bus services	0.100	
□ Replacement funding to meet cost of borrowing	0.556	
□ Shakespeare Complete Festival	0.150	
□ Business Improvement Districts	0.100	
□ Building Sustainable Neighbourhoods	0.125	
□ Tourism	0.120	
□ Improved Roadworks	0.050	
		<b>3.813</b>
<b>2006/07 Efficiency savings required</b>		<b>(0.860)</b>
<b>Additional Resources for 2006/07</b>		<b>2.953</b>
<b>2006/07 Net Expenditure</b>		<b>55.347</b>



## 2. Planned Use of Resources

- 2.1 In the report to the Economic Development and the Environment Overview and Scrutiny Committees in November 2005 the directorate identified £3.238 million of budget pressures and £2.254 million of proposals not covered explicitly by existing policies.
- 2.2 The Environment and Economy Directorate plans to use the £2.953 million additional resources allocated by Council to meet these requirements are set out in Table 2 below.

<b>Table 2: Planned Use of Additional Resources</b>	<b>£ million</b>
<b>Existing Policies Funded</b>	
Inflation	1.576
Waste Disposal – Landfill tax, increased tonnages	0.936
Replacement funding to meet cost of borrowing	0.556
Improved road condition survey	0.050
<b>Proposals outside existing policies funded</b>	
Waste Strategy Consultant	0.100
Concessionary Fares and bus services	0.100
Business Improvement Districts	0.100
Building Sustainable Neighbourhoods	0.125
Shakespeare Festival	0.150
Tourism	0.120
<b>Sources of funding</b>	
Efficiency savings	(0.860)
<b>Additional Resources Allocated</b>	<b>2.953</b>

- 2.3 The Directorate is required to identify savings of 2.5% wherever feasible from improvements in cost effectiveness. This will be achieved by each Service area freezing a number of posts across the Directorate and making a 1% cut in base budgets across all divisions. The Directorate's Leadership will receive quarterly reports from Services Heads explaining progress against the savings

### 3. Strategic Director Comments

- 3.1 In October, this department reported to the Economic Development and the Environment Overview and Scrutiny Committees on £5.492 million of revenue budget proposals and a list of capital projects for consideration.
- 3.2 The new revenue resource allocated by Council on the 7th February 2006 of £3,813 million funds our proposals covering our existing policies.
- 3.3 The Directorate faces a forecast overspend of over £0.500 million in 2005/6 which will be the first call on our 2006/7 budget.
- 3.4 The £0.860 million saving required in 2005/6 amounts to 2.5% of the department's base budget. Combined with the 2005/6 forecast overspend the required saving becomes 4%. However, given that the substantial part of our budget which goes on waste is effectively committed, the percentage savings required will be much higher for our other areas of controllable spend. How to deal with this is still being considered by Environment and Economy Leadership Team but is likely to include re-evaluation of staffing levels.
- 3.5 Inevitably much of the shortfall in funding is likely to impact on highway maintenance as the major spending head (accounting for about half our controllable budget). The department therefore needs to explore how to maximise efficiency gains on the maintenance contract.
- 3.6 Whilst the budget allocations met all the immediate waste pressures of landfill tax, increased tonnages and contract costs, it does not fully address longer-term requirements in relation to the strategic waste contract or measures to take more green waste out of the waste stream. The major issue is how to fund the strategic waste contract. This preparation is likely to cost well in excess of the £0.100 million allocated for consultancy costs by Council.
- 3.7 In conclusion the Directorate faces very difficult choices as it seeks to balance service pressures with the resources available.

JOHN DEEGAN  
Strategic Director of Environment and Economy  
Shire Hall  
Warwick

17th March 2005

## Performance and Development Revenue Estimates 2006/07

### 1 Available Resources

1.1 Council approved a budget of £5.154 million for the Performance and Development Directorate on 7 February 2006. This has reduced by £0.011 million as a result of further restructuring adjustments, giving a 2006/2007 adjusted base budget of £5.143 million. This represents an increase of £0.166 million over the base budget for 2006/07.

1.2 Table 1 below details how the budget for 2006/07 was arrived at.

<b>Table 1: 2006/07 Resources</b>	<b>£m</b>	<b>£m</b>
2006/07 Base Budget	5.154	
Additional restructuring adjustment	(0.011)	
<b>2006/07 Adjusted Base Budget</b>		<b>5.143</b>
<b>2006/07 Budget Allocations:</b>		
□ Pay & price inflation	0.246	
□ Grant to Warwickshire Association of Local Councils	0.020	
□ Coroners Service	0.125	
		<b>0.391</b>
<b>2006/07 Efficiency savings required</b>		<b>(0.225)</b>
<b>Additional Resources for 2006/07</b>		<b>0.166</b>
<b>2006/07 Net Expenditure</b>		<b>5.309</b>

### 2 Planned Use of Resources

2.1 In the report to Corporate Services Overview and Scrutiny Committee in November 2005 the directorate identified £0.593 million of budget pressures and £0.159 million of proposals not covered explicitly by existing policies.

2.2 The Strategic Director of Performance and Development plans to use the £0.391 million additional resources allocated by Council to meet these requirements are set out in Table 2 below.

<b>Table 2: Planned Use of Additional Resources</b>	<b>£ million</b>
Inflation pressures	0.246
Grant to Warwickshire Association of Local Councils	0.020
Coroners Service	0.125
<b>Additional Resources Allocated</b>	<b>0.391</b>

- 2.3 All directorates are required to achieve 2.5% cash efficiency savings. These savings will be returned to the centre to be re-cycled to meet spending priorities. The savings requirement for the Performance and Development Directorate is £0.225 million. Proposals as to how these savings will be made are currently being identified.
- 2.4 The additional resources will be allocated to and managed by the relevant Cost Centre Manager (CCM). Each CCM produces a quarterly forecast of their outturn expenditure, which is reported to the Directorate Management Team. A directorate quarterly forecast of outturn expenditure is also reported to both the Strategic Directors Management Team and to Cabinet.

### **3 Strategic Director's Comments**

- 3.1 The directorate is responsible for several key initiatives, notably the Customer Service and Access Division, which do not have adequate budgetary allocations at the time of writing. Some of these issues will be reported to the Modernisation Group of members allocating funding, but members need to be aware that there are significant funding issues still to be addressed.
- 3.2 The £0.246 million additional resources allocated for pay and price inflation will be allocated across all cost centres to enable cost centre managers to meet inflation pressures. Additional resources have also been received in respect of grant to Warwickshire Association of Local Councils (£0.020 million) and the Coroners Service (£0.125 million); the additional resources will be allocated to these areas. No additional resources were received in respect of other budget pressures identified, Table 3 below sets out what we will do in respect of each of these pressures.

<b>Table 3: Revenue Budget Pressures</b>		
<b>Title of Budget Allocation Requested</b>	<b>£ million</b>	<b>Proposed Action</b>
Human Resources Capacity	0.180	It is hoped to fund this pressure via the corporate Modernisation Fund
Warwickshire Police Authority	0.105	The increased pace of Police Authority merger will lead to a significant loss of income in 2006/2007. This is likely to have to be met via a redirection of resources from other areas within the directorate
County Partnerships	0.050	We are currently seeking to agree an alternative source of funding with the Strategic Director of Resources
Member Printing	0.019	No funding will be provided.
Warwickshire View	0.030	No funding will be provided.
Equalities and Diversity	0.060	No funding will be provided.

David Carter  
Strategic Director of Performance and  
Development

## Resources Directorate Revenue Estimates 2006/07

### 1 Available Resources

1.1 Council approved a budget of £4.402 million for the Resources Directorate on 7 February 2006. This has increased by £0.033 million as a result of further restructuring adjustments giving a 2006/07 adjusted base budget of £4.287 million. This represents an increase of £0.148 million over the adjusted base budget for 2006/07.

1.2 Table 1 below details how the budget for 2006/07 was arrived at.

<b>Table 1: 2006/07 Resources</b>	<b>£m</b>	<b>£m</b>
2006/07 Base Budget	4.254	
Additional restructuring adjustment	0.033	
<b>2006/07 Adjusted Base Budget</b>		<b>4.287</b>
<b>2006/07 Budget Allocations:</b>		
□ Pay and price inflation	0.412	
□ Saltisford offices running costs	0.138	
		<b>0.550</b>
<b>2006/07 Efficiency savings required</b>		<b>(0.402)</b>
<b>Additional Resources for 2006/07</b>		<b>0.148</b>
<b>2006/07 Net Expenditure</b>		<b>4.435</b>

### 2 Planned Use of Resources

2.1 In reports to Corporate Services Overview and Scrutiny Review Committee in November 2005 the directorate identified £1.578 million of budget pressures and £1.174 million of proposals not covered explicitly by existing policies.

2.2 The Resources Directorate plans to use the £0.550 million additional resources allocated by Council to meet these requirements are set out in Table 2 below.

<b>Table 2: Planned Use of Additional Resources</b>	<b>£ million</b>
Pay and price inflation	0.412
Saltisford offices running costs	0.138
<b>Additional Resources Allocated</b>	<b>0.550</b>

- 2.3 Of the £0.402 million efficiency savings which the directorate will be required to deliver, £0.80 million will be delivered from savings in the I.T infrastructure. The Resources Management Team is considering options for delivering the balance of the savings and this will be the subject of future reporting. The savings are expected to result from the rationalisation of processes consequent on the formation of the new directorate.
- 2.4 The £0.412 million allowance for inflation pressures has been incorporated into the appropriate lines in the estimates attached at annexes A-E. The £0.138 million provided for Saltisford net running costs has been included in the County Offices line under the 'Property' heading. The use of the additional resources approved by the Council will be monitored during the year at the regular meetings of the Resources Management Team.

### **3 Strategic Director's Comments**

- 3.1 The estimates presented include full provision for the salaries of those members of the departmental management teams of CAMS, Property Services and Treasurer's who are leaving as part of the Council's restructuring. While some costs will inevitably be incurred in ensuring that the essential work carried out by these individuals continues to be provided for, some savings will arise, which will be added to the provisions for modernising the County Council, in line with the Council's budget resolution. The potential to free up resources for this purpose is currently being examined for all directorates' including Resources.
- 3.2 Bids of £2.174 million from the three former departments were unsuccessful. While it will be essential to fund some of these initiatives to a very limited extent, in the main no progress will be made on the initiatives for which funding was sought.

Dave Clarke  
Strategic Director of Resources

## Other Services Revenue Estimates 2006/07

### 1 Available Resources

1.1 Council approved a budget of £30.112 million for Other Services on 7 February 2006. This represents an increase of £1.645 million over the adjusted base budget for 2006/07.

1.2 Table 1 below details how the budget for 2006/07 was arrived at.

<b>Table 1: 2006/07 Resources</b>	<b>£m</b>	<b>£m</b>
2006/07 Base Budget	28.467	
Additional restructuring adjustment	0.000	
<b>2006/07 Adjusted Base Budget</b>		<b>28.467</b>
<b>2006/07 Budget Allocations:</b>		
□ Allocation to meet cost pressures	0.083	
□ Capital financing costs of new allocations in the capital programme	0.428	
□ Modernisation Fund	1.134	
<b>Additional Resources for 2006/07</b>		<b>1.645</b>
<b>2006/07 Net Expenditure</b>		<b>30.112</b>

### 2 Planned Use of Resources

2.1 In the report to Corporate Services Overview and Scrutiny Review Committee in November 2005 the service identified £0.076 million of budget pressures. This bid was increased by £0.007 million to £0.083 million following the transfer in of the Chief Executive's office as part of the modernisation process.

2.2 Other Services plans to use the £1.645 million additional resources allocated by Council to meet these requirements are set out in Table 2 below.

<b>Table 2: Planned Use of Additional Resources</b>	<b>£ million</b>
Inflation pressures	0.083
Capital financing costs of additions to capital programme	0.428
Modernisation fund	1.134
<b>Additional Resources Allocated</b>	<b>1.645</b>



- 2.3 The budget will continue to be monitored on a quarterly basis as part of the corporate budget monitoring processes. The more variable elements of spending, particularly the budgets for capital financing charges and interest on revenue balances will be monitored more regularly with exception reporting to both the Head of Finance and the Strategic Director.
- 2.4 The Modernisation Fund will be controlled through regular reports to Cabinet on the allocation of the funds, and through quarterly reports on progress from project managers.

### **3 Strategic Director's Comments**

- 3.1 There are no particular issues to bring to members' attention at this time as all the budget pressures identified were fully funded.
- 3.2 Any over/underspend on Other Services at the end of the financial year is a call on, or contribution to, the authority's general reserves. The impact therefore will be incorporated into the 2007/08 budget setting process.
- 3.3 Over the medium term the draft capital programme for 2006/07 to 2008/09 will require significant additional resources to finance the borrowing costs. Corporate Services Overview and Scrutiny Committee will be considering the long-term affordability of the capital programme over the summer and will report back to Cabinet as necessary in due course.

Dave Clarke  
Strategic Director of Resources