

**AGENDA MANAGEMENT SHEET**

**Name of Committee**

**Cabinet**

**Date of Committee**

**18 November 2010**

**Report Title**

**2010/11 Projected Revenue Outturn as at Quarter 2**

**Summary**

The report summarises the projected revenue outturn as at the end of quarter 2. It highlights the main reasons for any variations from the approved budget for each service and the projected reserves position at the year-end

**For further information please contact:**

Sandra Dean  
Budget Planning Officer  
Tel: 01926 412242  
sandradean@warwickshire.gov.uk

Rob Phillips  
Corporate Budget Accountant  
Tel: 01926 412860  
robertphillips@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 directorates.

**CONSULTATION ALREADY UNDERTAKEN:-**

Details to be specified

Other Committees

.....

Local Member(s)

Other Elected Members

Cllr Saint, Cllr Roodhouse, Cllr Tandy - for information.

Cabinet Member

Cllr Heatley & Cllr Wright – for comment.

Chief Executive

Legal

Sarah Duxbury – for clearance.

Finance

David Clarke - reporting officer.

Other Chief Officers

District Councils

.....

Health Authority

.....

Police  .....

Other Bodies/Individuals  Janet Purcell, Executive & Member Support Manager.

**FINAL DECISION YES**

**SUGGESTED NEXT STEPS:**

Details to be specified

Further consideration by this Committee  A further quarterly projected revenue outturn reports is planned for January 2011 and the Final Service Outturn will be reported in June 2011.

To Council  .....

To Cabinet  .....

To an O & S Committee  .....

To an Area Committee  .....

Further Consultation  .....

## Cabinet - 18 November 2010.

### 2010/11 Projected Revenue Outturn as at Quarter 2

#### Report of the Strategic Director, Resources

##### **Recommendation**

That Cabinet notes the 2010/11 projected revenue outturn position and the projected reserves at year-end, and requests directorates to take appropriate management action to try to ensure that spending remains within budget.

#### **1 Purpose**

- 1.1 This report outlines the 2010/11 projected revenue outturn based on information known at the end of the second quarter. The report highlights any service consequences resulting from directorates' projected spending levels and reports on the consequent effect on the County Council's reserve levels.

#### **2 Overall Position**

- 2.1 At the end of quarter 2 the projected revenue outturn position for the authority is an overspend of £6.890 million. Of this overspend, £2.189 million relates to the schools budget and a further £4.572 million relates to an overspend on Adult Social Care.

#### **3 Spending Compared With Estimates**

- 3.1 The original budget was approved by Council in February 2010. Table 1 overleaf shows a summary of the projected year-end position of each directorate/service with reconciliation back to the original service budgets.

<b>Table 1: Summary of Projected Variations</b>						
Appendix No.	Service	Original Budget £'000	Restructuring transfers	Approved Revisions £'000	Current Adjusted Budget £'000	Projected Overspend/ (Underspend) £'000
A	Adult, Health & Community Services	144,008	(11,969)	(3,317)	128,722	4,572
B	CYPF	109,492	(943)	(1,306)	107,243	1,007
	~ Non schools					
	~ PFI & other schools related					
	~ Schools					2,189
Ci	Customers, Workforce & Governance	3,618	7,362	192	11,172	(120)
Cii	Partnership & Performance Unit	(107)	69	30	(8)	97
D	Environment & Economy	62,837	1,089	1,040	64,966	229
E	Fire & Rescue	22,554	(367)	375	22,562	200
F	Resources	448	4,294	115	4,857	0
G	Other Services	15,906	464	2,033	18,403	(1,284)
	<b>Total</b>	<b>358,756</b>	<b>0</b>	<b>(838)</b>	<b>357,917</b>	<b>6,890</b>

Note: The above table may not sum due to roundings.

- 3.2 Various restructuring transfers including those for Libraries, Museums and Culture and integration of the resources functions have been made. These are shown separately in Table 1 above. Any further changes due to restructuring will be reflected in the next quarterly report to Cabinet in January 2011.
- 3.3 The approved revisions above include additional Area Based Grant (ABG) allocations that were approved by Council on 29 June 2010. Reductions in ABG for our share of the national deficit reduction plans announced by the coalition government on 10 June 2010 have also been reflected in the directorates' budgets shown above and returned to the 'central pot' held in Other Services.
- 3.4 The current budget is £0.838 million lower than the original budget reported to Cabinet on 11 March 2010. The main reasons after allowing for approved transfers between directorates are summarised in Table 2 overleaf.

<b>Table 2: Summary of Approved Revisions to the Adjusted Budget</b>	
Description	£'000
Net transfer use of/transfer to reserves as a result of 2009/10 outturn report.	1,317
Repayment by AHCS of overdrawn service reserves following overspends in 2009/10 and net transfer drawdowns repayments approved in quarter 1.	(3,113)
Use of general reserves to fund the additional outturn 2009/10 costs relating to surplus properties and the balance of unfunded costs of the major incident at Atherstone-on-Stour since November 2007.	778
Use of Virtual Bank to fund the F&R Improvement Plan.	280
Net transfer to service reserves approved in quarter 1.	(100)
<b>Total</b>	<b>(838)</b>

## 4 Commentary on Performance

- 4.1 The commentary below provides brief information on the major themes behind the £6.890 million forecast overspend within directorates. The full details on directorates projected outturns are included in **Appendices A to G** to this report.
- 4.2 Some of the common significant issues impacting on directorates include:
- Both Adult, Health and Community Services (AHCS) and Children, Young People and Families (CYPF) directorates are currently experiencing increases in demand greater than planned for when the 2010/11 budget was set. This is resulting in increased costs and hence overspends being forecast in some key demand-led services.
  - Some directorates like AHCS and CYPF are still experiencing difficulties in meeting their savings targets. Details of how directorates are attempting to meet their savings targets can be found in '2010/11 Savings Plan - Projected Outturn as at Quarter 2' reported to Cabinet elsewhere on today's agenda.
- 4.3 The AHCS Directorate are predicting an overspend of £4.572 million for Quarter 2 compared to an overspend of £7.102 million in Quarter 1 (**see Appendix A**). Of the £4.572 million overspend on Adult Social Care £1.8 million is a one off pressure relating to the overspend from 2009/10 which has to be paid back in 2010/11. The remainder is still largely due to overspends on the purchased services for older people and those with physical disabilities in home care, direct payments and residential care. The overspends are driven by slippage against savings targets (in 2009/10 and 2010/11), double running costs relating to the development of reablement and the modernisation of homecare services, changes in spending controls which improved performance but increased spending on high cost packages of care for a relatively small group of customers and high cost packages of care from hospital discharges. It is also acknowledged that an element of the forecast overspend may be due to data issues and forecasting accuracy. To try and bring spending within budget the directorate is already:

- implementing more rigorous controls on the authorisation of expenditure on service packages;
- being stricter in the application of Fairer Access to Care (FACS) criteria to decisions on care packages;
- using Social Care Reform Grant to underpin the double running costs;
- reviewing the development and roll out of reablement to minimise double running costs and maximise pace of savings;
- reviewing high cost care packages; and
- reviewing financial administration procedures in relation to the client record system

In addition the following actions are happening in other areas to help to reduce spending overall:

- Application of the Care Funding Calculator to challenge and reduce high cost packages of care in learning disability services.
- A vacancy freeze and the permanent deletion of vacant posts where possible.
- Identification of one-off underspends that can be made into permanent reductions in spending.
- Stopping expenditure beyond what is already committed wherever this is possible.
- If required bring forward the implementation of medium term savings plans for 2011/12 into 2010/11, for example in relation to staffing reductions.

The effect of this management action is expected to be that packages of care will reduce over time, such that only care packages which meet appropriate FACS criteria are met; some current customers may no longer receive local authority care services; the rate of customers going through reablement will increase; and reductions in residential care numbers and in the numbers of people helped to live at home will occur. At this stage it is not possible to predict how effective these changes will be or the speed at which the overspend will come down. The directorate has set up a transformation programme to consolidate and coordinate the action to transform services and deliver savings. Various reports including one on 'Fairer Charges and Contributions Review' went to Cabinet on 14 October 2010. More generally, if services are not able to bring spending under control it not only increases the level of savings to be delivered in future years but also potentially pushes the whole medium term financial strategy of the authority off course.

- 4.4 The CYPF Directorate are forecasting an overspend of £3.196 million **(Appendix B)**. Of this, £2.189 million relates to schools. Within CYPF the most significant overspends relate to £1.413 million for Looked After Children, £0.763 million for Safeguarding and Non-Placements and £0.528 million for Legal Services. These are mainly due to increases in demand. These along with other overspends in the CYPF non-schools budget are being offset by a number of underspends that are being forecast, for example the Integrated Disability Service, Transforming Education Project and Extended School Services.

- 4.5 The Customers, Workforce and Governance (CWG) Directorate are predicting an overall underspend of £0.120 million (**Appendix Ci**). However, there are significant overspends in Pay and Conditions and Library Services which are being offset by underspends in Legal Services and Insurance, Internal Audit and Risk Management.
- 4.6 The Partnership and Performance Unit (PPU) are predicting an overspend of £0.097 million (**Appendix Cii**). The most significant overspends are occurring in Business Consultancy and PPU administration.
- 4.7 The Environment and Economy (E&E) Directorate are predicting an overspend of £0.229 million (**Appendix D**). There is a potential £0.109 million overspend for Transport which is mainly due to the unbudgeted cost for the transfer of concessionary travel from the districts/boroughs to the County Council despite an underspend due to increased street parking charges. Also there is a significant overspend of £0.250 million relating to the Archaeology Service which will be investigated and reviewed. These are off-set by a number of underspends elsewhere in the directorate.
- 4.8 The Fire and Rescue Service are forecasting an overspend of £0.200 million (**Appendix E**). This is because they are continuing to incur costs due to the Atherstone-on-Stour incident, and the on-going requirement to build capacity following this incident. A funding application of £0.207 million from the Capacity Building Fund has been made.
- 4.9 The Resources Directorate are forecasting a break even position (**Appendix F**). However, underspends are currently offsetting overspends of £0.051 million on Design and Construction due to reduced fee income targets and £0.162 million for Procurement efficiency savings that have not been achieved.
- 4.10 Other Services are predicting a net underspend of £1.284 million (**Appendix G**). Although we are expecting to receive reduced returns from investments we are also making reduced interest payments on long-term borrowing. We are also currently underspending on members' mileage rates and responsibility allowances and external audit fees.
- 4.11 Any projected underspends by services form a contribution to their reserves. This money is then available to support spending in future years, subject to the scheme of carry forwards. Plans to use any underspend to finance spending in 2011/12 will be considered as part of the 2011/12 budget process.

## 5 Reserves and Virements

- 5.1 Following the reduction to our Local Public Service Agreement 2 reward grant from the Government in June 2010, our reserves were revised to £51.334 million as at 31 March 2010. Over the current financial year our reserves are forecast to reduce further to £47.659 million by 31 March 2011. This is a reduction of 7.2% since the beginning of the year. Details are shown in Table 3 overleaf.

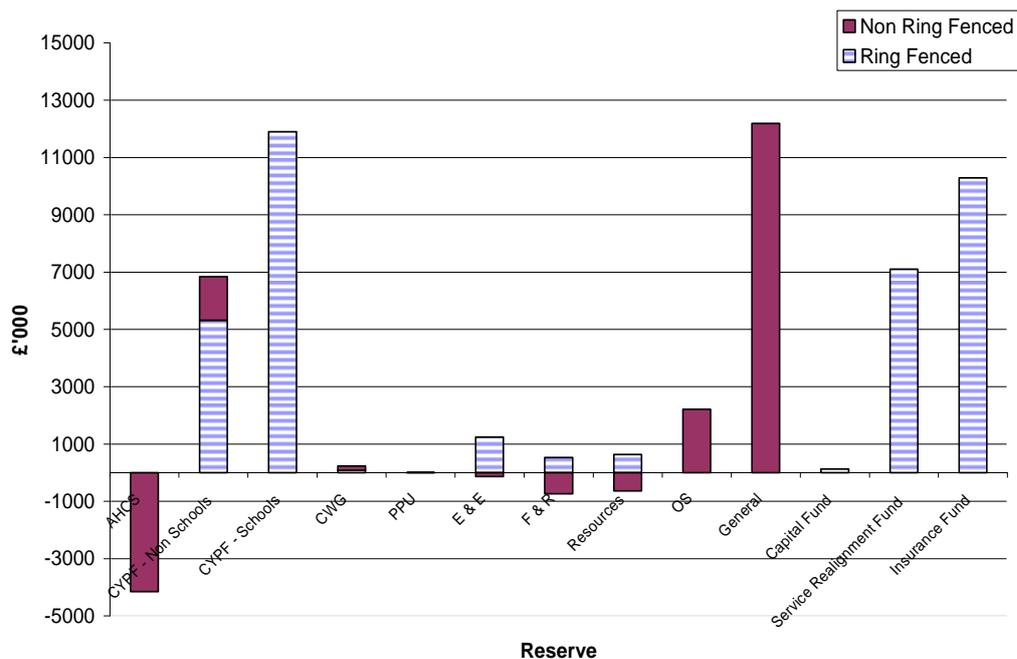
Table 3: Reserves Projection					
Reserve	In-hand / (overdrawn) 1/4/2009 (Revised) £'000	Previously approved contribution/ (use) in £'000	Additional contribution/ (use) requested £'000	Effect of Projected Variation £'000	Estimated In-hand/ (overdrawn) 31/3/2011 £'000
General Reserves	8,192	2,791		1,211	12,194
Capital Fund (note 1)	128				128
Insurance Fund	10,290				10,290
Service Realignment Fund (note 2)	7,105				7,105
Earmarked - Schools	14,432			(2,189)	12,243
Earmarked - Non Schools	11,187	424		(5,912)	5,699
<b>Total</b>	<b>51,334</b>	<b>3,215</b>	<b>0</b>	<b>(6,890)</b>	<b>47,659</b>

Note 1 – The capital fund is used to help fund capital expenditure as required.

Note 2 –The Service Realignment Fund is for meeting the upfront costs of realigning the services of the County Council in response to future resource projections. This reserve was created last year following a report to Cabinet in July 2009.

- 5.2 No changes to reserves have been requested by directorates based on their current projected position for quarter 2.
- 5.3 Reserves are held in accordance with the Council's reserves policy. Overdrawn reserves (except Virtual Bank, Fire Pensions and the Schools IT loan reserves) are a first call on 2011/12 budgets. Meanwhile, any directorate reserves that are overdrawn in the current year are effectively a temporary call on General Reserves until they are repaid. Reserves are analysed in more detail in **Appendix H**. The projected year-end balances (net of the Virtual Bank) are summarised in Chart 1 below.

Chart 1: Projected 2010/11 Reserve Levels



- 5.4 General reserves are projected to be at £12.194 million by the end of the year. This is above the £10.850 million recommended by the Strategic Director, Resources as the minimum adequate level of general reserves at the start of the year as some of the contingencies included in the risk assessment have not been used yet. Any need to replenish reserves or if there are any reserves available to be used will be considered as part of the 2011/12 budget process. This will include the Strategic Director, Resources updating the risk assessment of the minimum adequate level of general reserves.

DAVID CLARKE  
Strategic Director, Resources

Shire Hall  
Warwick

4 November 2010

Adult Health And Community Services DirectorateProjected Revenue Outturn 2010/11 Quarter 2

A	B	C	D	E	F
Service (including responsible officer/s)	Revised Net Budget £ '000	Projected Overspend/ (Underspend) £ '000	Reason for Variation	Management Action	Service Consequences/ Impact on performance
Older People & Physical Disabilities (OPPD) purchased services (Kathryn Downton)					
Home Care	8,357	4,053	Overspends on home care, direct payments and residential care driven by slippage against savings targets, double running costs relating to the development of reablement and modernisation of homecare services, changes in spending controls which improved performance but increased spending and high cost packages of care for a relatively small group of customers, high cost packages of care from hospital discharges, in addition an element of the forecast overspend may be due to data issues and forecasting accuracy.	(1) Implementation of more rigorous controls on the authorisation of expenditure on service packages; (2) Strict application of Fairer Access to Care (FACS) criteria to decisions on care packages; (3) Use of Social Care Reform Grant to underpin double running costs; (4) Reviewing the development and roll out of reablement to minimise double running costs and maximise pace of savings; (5) Review of high cost care packages; (6) Review of financial administration procedures in teams in relation to client record system.	Packages of care will reduce over time such that only care packages which meet appropriate FACS criteria are met.  Some current customers may no longer receive local authority care services.  The rate of customers going through reablement will increase.  Reductions in residential care numbers and in the numbers of people helped to live at home will occur.
Direct Payments	6,118	199			
Residential Care	17,858	2,539			
2009/10 Overspend Carried Forward	(1,647)	1,647			

## Appendix A

A	B	C	D	E	F
<b>Service (including responsible officer/s)</b>	<b>Revised Net Budget £ '000</b>	<b>Projected Overspend/ (Underspend) £ '000</b>	<b>Reason for Variation</b>	<b>Management Action</b>	<b>Service Consequences/ Impact on performance</b>
Learning Disability Services (Kathryn Downton)					
LD Domiciliary Care	9,176	471	Increases in package costs, new clients presenting, and an element of the brought forward overspend from 2009/10 underpin the overspend.  However, the complexities of managing the transfer of services from health mean this budget contains significant risks during 2010/11 and further underspends and overspends may materialise as work progresses.	(1) Look for in-year savings to support the overall AHCS budget through use of care funding calculator to challenge and reduce high package costs and reduction in residential care spending replaced by supported living opportunities  (2) Further work on transferred clients to understand and manage the care packages appropriately while maximising savings and minimising new costs.	Changes in service packages will occur as they are reshaped and reduced.  The number of customers in residential care will reduce and numbers in supported living will increase.
LD Other Services	16,699	(514)			
2009/10 Overspend Carried Forward	(152)	152			
Specialist Services (Kathryn Downton)	4,071	(340)	The removal of the ring fence on this years stroke grant and savings on terminating specialist dementia residential care block contracts.	Consider using the stroke grant to underpin appropriate transitional or invest to save costs and taking contract savings to support the general budget.	None – stroke strategy objectives could be pursued within existing resources.

**Appendix A**

A	B	C	D	E	F
Service (including responsible officer/s)	Revised Net Budget £ '000	Projected Overspend/ (Underspend) £ '000	Reason for Variation	Management Action	Service Consequences/ Impact on performance
Social Care Reform Grant (Kathryn Downton)	2,228	(1,258)	This element of the reform grant is being used to underpin double running costs relating to the development of reablement services and the modernisation of homecare services.	None.	None.
Local Provider Services					
Internally provided day services	4,342	(36)	This underspend is a result of holding vacancies.	Identification of other opportunities to reduce spending and deliver a balanced budget by the year end	None.
Internal residential care services	9,648	107	Residential care overspend relates to staffing costs.		
Carers (Kim Harlock)	2,333	(629)	Reduction in carer expenditure to support the overall budget position.	None.	Reduction in services to carers compared to that originally planned.
Revenue budget for purchase of vehicles (Ron Williamson)	420	(195)	One off additional savings on revenue contributions to the cost of purchasing vehicles by reducing purchases.	This underspend is a one off, therefore there will be a need to identify permanent replacement savings in the longer term.	None

**Appendix A**

A	B	C	D	E	F
Service (including responsible officer/s)	Revised Net Budget £ '000	Projected Overspend/ (Underspend) £ '000	Reason for Variation	Management Action	Service Consequences/ Impact on performance
Staffing Costs – Localities	13,801	(1,225)	Holding of vacancies to support the general budget, with holding uncommitted controllable spending budgets, and scrutiny of 2009/10 underspends with a view to making them permanent wherever possible.	Vacant posts to be deleted permanently unless they are fulfilling a statutory function or they will deliver more cashable savings than the cost of the post.	None.
Other Minor Variations	35,666	(542)			
Adult and community Learning	(196)	143	Reduced income from the Learning Skills Council.	2009/10 overspend being recovered over the next 2 years.	None.
<b>Total – Adult Health and Community Services</b>	<b>128,722</b>	<b>4,572</b>			

**General Comments:**

The directorate has set up a transformation programme to consolidate and co-ordinate service transformation and savings plans for adult social care services. Some savings plans are being brought forward and progressed within 2010/11 to help to balance the budget.

Of the £4.6m overspend on adult social care £1.8m is a one off pressure relating to the overspend from 2009/10 which has to be paid back in 2010/11.

Children, Young People and Families DirectorateProjected Revenue Outturn 2010/11 for Quarter 2

A	B	C	D	E	F
Service (including Division)	Revised Net Budget £ '000	Projected Overspend/ (Underspend) £ '000	Reason for Variation	Management Action	Service Consequences/ Impact on performance
Looked After Children - Placements	12,300	1,413	This is a forecast overspend relating to Foster-care, Residential and Parent & Baby placements. These pressures are a result of an increased forecast number of children based on both new placements during the first half and the full year effect of placements late in the last financial year.	The Safeguarding Senior Leadership Team are continuing to carefully monitor Placements expenditure which is both a complex and volatile demand-led budget, however these services are statutory. Appropriate actions are being considered to best reduce the forecast overspend.	These pressures are currently being partially offset by savings elsewhere. However the Directorate will continue to carefully monitor any potential service consequences with a focus on the management of risk.  These issues continue to be highlighted as budget pressures as part of the budget setting process for 2011/12.
Safeguarding, Non - Placements (Children in Need Division)	15,919	763	This forecast overspend is largely related to sessional work and travel, taxis, accommodation and Adoption/Residence orders. Some further work is on-going to establish all of the reasons for these large overspends although the latter is due to increased numbers of children on Special Guardianship and Residence orders.	The Safeguarding leadership team are continuing to carefully monitor expenditure which contain both a complex and volatile demand-led budgets, however these services are statutory. Appropriate actions are being considered to best reduce the forecast overspend.	These pressures are currently being partially offset by savings elsewhere. However the Directorate will continue to carefully monitor any potential service consequences with a focus on the management of risk.
Hospital Tuition	473	(226)	This forecast under-spend is the result of reduced fees negotiated with other local authorities for the education of sick Warwickshire children.	None	Continued pressure on other LEA's to justify their charges continues to lead to lower charges.

## Appendix B

A	B	C	D	E	F
Service (including Division)	Revised Net Budget £ '000	Projected Overspend/ (Underspend) £ '000	Reason for Variation	Management Action	Service Consequences/ Impact on performance
Individual's Educational Statements	1,539	358	There has been a small increase in numbers above estimated. However the complexity of need of children and young people is increasing - resulting in the average statement value continuing to increase.	This complex and volatile demand led budget continues to be closely monitored, considering both trends in pupil numbers and the more complex nature of pupil needs.	The over-spend will be funded from savings elsewhere in the DSG central services budget as well as DSG balances.
Out of County Specialist Education Placements	8,890	279	The number and cost placements continues to rise above the numbers and costs provided by the budget.	This complex and volatile demand led budget continues to be closely monitored. Wherever possible cheaper alternative provision is sought, together with in-county early intervention to reduce the need for out of county placements.	The over-spend will be funded from savings elsewhere in the DSG central services budget as well as DSG balances
Integrated Disability Service (IDS)	7,771	(540)	The forecast under-spend is the result of a reduction in costly out of county residential placements linked to an overall reduction in the total number of children. An increased under-spend by £113,000 since Quarter 1 is a continuation of this trend.	None	The under-spend will be used to fund over-spends elsewhere in the LA funded budget.
Transforming Education Project	600	(400)	The government announcement concerning the end of the Building Schools for the Future programme with 2/3rds of the year remaining has resulted in this estimated under-spend.	Further government announcements are expected following the Comprehensive Spending regarding the successor to this funding programme. Managers will then decide whether we can bid for funding under a new programme.	It is hoped that the under-spend could be used to implement any successor scheme to be announced by the government or to fund the revenue cost of capital for Northgate House – thereby reducing (and making saving) in future year contributions for the running / building costs of the training facility.

## Appendix B

A	B	C	D	E	F
Service (including Division)	Revised Net Budget £ '000	Projected Overspend/ (Underspend) £ '000	Reason for Variation	Management Action	Service Consequences/ Impact on performance
Educational Development Service (EDS)	0	417	An in year reduction of Teachers Development Agency funding as well as Area Based Grant has resulted in this forecast overspend.	The lost grant income cannot be replaced by income from schools or a corresponding decrease in costs as most costs are fixed. However the service hopes to be able to generate income by trading some of the courses provided.	A report on the options for the future of the EDS is being prepared and decisions will be taken by CYPF DLT as soon as possible. Staff have been issued with Section 188 notices.
Extended Schools Services	535	(483)	A structured plan of ABG savings was presented to the Childrens' Trust Board for the cessation of the service earlier than the grant provided for. The savings are to be used to cover various elements of the 2010/11 budget savings that are unachievable or slipped.	None	None other than as reported to the Childrens' Trust Board.
Pupil Re-Integration Unit	3,488	449	The service is supporting 3 development posts created to support the move to locally integrated services and workforce development, until August 2012. There has also been a loss of £300,000 for Out-County Pupils	Warwickshire PRU has an interim Head teacher as they are now in Special Measures. The whole Service is in the process of undergoing a restructuring which could result in a reduction in the projected overspend. The service is also subject to a Member Scrutiny review in November.	The over-spend will be funded from savings elsewhere in the DSG central services budget as well as DSG balances.
Capital projects funded from revenue	331	(281)	Continued progress and better project management has led to this DSG budget being under-spent.	None	The under-spend will be used to fund over-spends elsewhere in the DSG central services budget.

## Appendix B

A	B	C	D	E	F
Service (including Division)	Revised Net Budget £ '000	Projected Overspend/ (Underspend) £ '000	Reason for Variation	Management Action	Service Consequences/ Impact on performance
Criminal Records Bureau checks	145	128	Increased demand by schools and services for CRB checks is exceeding the allocated budget.	HR try to ensure that only appropriate persons are CRB checked but schools continue to take very risk averse stance resulting in numbers exceeding the budget.	This LA funded cost will be off-set by savings elsewhere as well as Directorate reserves.
PRC Pensions	3,544	200	The forecast is an estimate of additional costs relating to both historic retirement payments plus new retirement lump sum payments. The numbers of retirements are increasing in both schools and non-schools. The forecast overspend has reduced since quarter 1 by £80,000 taking into account a DfE contribution for the re-organisation costs for the two predecessor schools to the Nuneaton Academy.	This is a difficult area to obtain robust data for forecasting.	Some of the costs may be off-set by a contribution from the Corporate Service Re-alignment Fund.
Legal Services	2,272	528	The continuing rise in child protection cases for the Children In Need division results in a corresponding increase in legal costs – both in terms of internal staff time and external legal services. Despite having an additional 10% budget increase the cost is still forecasted to be 23% above budget.	Management actions are focused on reducing the number of cases which would correspondingly reduce the legal costs.	With the continued growth in number of at risk children the issues continue to be highlighted as budget pressures as part of the budget setting process for 2011/12.
Use of Contingency & One off funds	(600)	(999)	This budget area is a complex set of various contingency / technical accounting budgets. Part of this under-spend is one off income, for example, un-committed grant.	The directorate will continue to manage this.	The Directorate will have less of a need to reduce reserves at year end to fund overspends in other areas.

## Appendix B

A	B	C	D	E	F
Service (including Division)	Revised Net Budget £ '000	Projected Overspend/ (Underspend) £ '000	Reason for Variation	Management Action	Service Consequences/ Impact on performance
Other miscellaneous budgets	(211,514)	(599)	This position includes a number of overspends and under-spends.	Budgets are monitored by monthly cost centre management and quarterly meeting and report to the Directorate Leadership Team (DLT).	The Directorate will have less of a need to reduce reserves at year end to fund overspends in other areas.
<b>Directorate - Non PFI / Non Schools - Sub Total</b>	<b>(154,307)</b>	<b>1,007</b>			
Schools Loans & Other Grants	(21,364)	0		None	None
Private Finance Initiative (PFI) (We-learn programme)	0	0		None	None
Schools	282,914	2,189	The continued success of encouraging schools to reduce their balances is resulting in this planned use of reserves. The actual use of reserves will be actioned once the final out-turn position is known.	CYPF will continue to work with schools to ensure there is consistent and quality forecast prepared and submitted.	School balances would be reduced to £12,243,000 at year end.
<b>Total</b>	<b>107,243</b>	<b>3,196</b>			

### General Comments:

It must be remembered that many cost centre managers are only remaining in budget by cutting back on non staffing purchases and freezing all vacant posts (within strict guidelines issued). A renewed / strengthened position on a staff freeze has been issued.

**Customer, Workforce & Governance Directorate****Projected Revenue Outturn 2010/11 for quarter 2**

A	B	C	D	E	F
<b>Service (including responsible officer/s)</b>	<b>Revised Net Budget £ '000</b>	<b>Projected Overspend/ (Underspend) £ '000</b>	<b>Reason for Variation</b>	<b>Management Action</b>	<b>Service Consequences/ Impact on performance</b>
Governance & Members Services (Jane Pollard)	(134)	(34)	Underspend on Members Services & delay in Scrutiny ABG Project.	None.	None.
Legal Services (Greta Needham)	0	(320)	Increased demand for Legal Services, including External Customers.	None.	None.
Insurance, Internal Audit & Risk Management (Garry Rollason)	(110)	(108)	Vacancies in Audit (£33,000), £75,000 Income in Insurance.	None.	None.
Legal Core (Sarah Duxbury)	(59)	49	Increased expenditure on Legal Services.	Review of "Core Legal" services, including tighter control on gateways to services.	None.
Specialist Services (Bob Perks)	(131)	(106)	Part year effect of vacant Post (Frontline First -£24,000), better than expected performance on Child Care Voucher Scheme -£18,000), & £64,000 underspend in Healthy Workforce due to deletion of post.	None.	None.

## Appendix Ci

A	B	C	D	E	F
Service (including responsible officer/s)	Revised Net Budget £ '000	Projected Overspend/ (Underspend) £ '000	Reason for Variation	Management Action	Service Consequences/ Impact on performance
Pay&Conditions, & Workforce Strategy (Bob Perks)	(87)	203	Additional repayment of HRMS virtual bank loan (£200,000).	None. This variance due to timing will disappear by year-end.	None.
Library Services (Kushal Birla)	7,876	174	Repayment of £250,000 towards historic deficit, of which £76,000 has already been identified.	Continue with Library Transformation Programme.	None.
DAAT (Kit Leck)	359	49	Full Impact of ABG "Safety" ABG cuts (£53,000) allocated to DAAT rather than shared across all partnership recipients.	Take corrective action to re-allocate funding cuts with appropriate recipients, otherwise £47,000 of DAAT Reserves will be used to cover this funding gap.	None.
Interpretation & Translation Service (Tejay De Krester)	(15)	(60)	Higher income levels than anticipated, along with staff savings due to vacant post.	None.	None.
Other Service Areas	3,473	33			
<b>Total</b>	<b>11,172</b>	<b>(120)</b>			

**Partnership & Performance Unit****Projected Revenue Outturn 2010/11 for quarter 2**

A	B	C	D	E	F
<b>Service (including responsible officer/s)</b>	<b>Revised Net Budget £ '000</b>	<b>Projected Overspend/ (Underspend) £ '000</b>	<b>Reason for Variation</b>	<b>Management Action</b>	<b>Service Consequences/ Impact on performance</b>
Business Consultancy (Tricia Morrison)	(6)	80	TradeSpace Training costs incurred which were not in original budget, £75,000 Legacy income target appears to be unlikely to be achieved now that Business Consultancy is no longer a traded service.	None.	None.
Performance & Planning (Tricia Morrison)	(35)	(13)	Review of expenditure with view to off-set overspend in PPU Administration.	None.	None.
Observatory (Andy Davis)	75	(32)	Review of expenditure with view to off-set overspend in PPU Administration.	None.	None.
PPU Administration (Monica Fogarty)	(31)	65	Underlying spend higher than budget provided.	The Partnership & Performance Unit will actively seek to reduce expenditure during 2010/11 financial year. However, should adequate spending reductions not be achieved the overspend will be met from Unit Reserves.	Reduced expenditure in current financial year and possible reduction of reserves at year-end.

**Appendix Cii**

A	B	C	D	E	F
Service (including responsible officer/s)	Revised Net Budget £ '000	Projected Overspend/ (Underspend) £ '000	Reason for Variation	Management Action	Service Consequences/ Impact on performance
County Partnership Team (Simon Robson)	(11)	(3)	None.	None.	None.
<b>Total</b>	<b>(8)</b>	<b>97</b>			

**General Comments:** The Partnership & Performance Unit is actively seeking to reduce its expenditure in order to achieve its 2010/11 budget target. However, any overspend at year-end will be met from unit reserves.

**Environment & Economy Directorate****Projected Revenue Outturn 2010/11 for quarter 2**

A	B	C	D	E	F
<b>Service (including responsible officer/s)</b>	<b>Revised Net Budget £ '000</b>	<b>Projected Overspend/ (Underspend) £ '000</b>	<b>Reason for Variation</b>	<b>Management Action</b>	<b>Service Consequences/ Impact on performance</b>
Environment And Resources – Martin Stott	21,468	(157)	This is largely due to a downturn in tonnages for waste disposal £141,000 and a £50,000 saving on organisational development programmes due to slippage, offset by minor overspends in other areas.	None required, a request will be made in quarter 3 if we have an underspend to carry forward the underspend on Organisational Development. A carry forward request of £50,000 has been made to continue the Organisational Development programme.	None
Transport For Warwickshire – Graeme Fitton	28,217	109	This is made up of a number of items including an unbudgeted cost of £227,000 resulting from the transfer of concessionary travel from Districts and Boroughs to WCC. Other variations include reductions in income of £144,000 as staff time is no longer charged to capital due to the reduced capital budget. These overspends have been offset by an increase in income from on street parking charges of £113,000 , and other increases in income of £149,000 across the service.	Identify how the concessionary fare project is to be funded. The services is requesting a carry forward of the increased income to cover the transitional costs of making the Budget savings next year. This includes £44,000 for the Transport Planning unit and £50,000 for the sustainability unit.	None

A	B	C	D	E	F
<b>Service</b>	<b>Revised</b>	<b>Projected</b>	<b>Reason for Variation</b>	<b>Management Action</b>	<b>Service Consequences/</b>

**Appendix D**

<b>(including responsible officer/s)</b>	<b>Net Budget £ '000</b>	<b>Overspend/ (Underspend) £ '000</b>			<b>Impact on performance</b>
Sustainable Communities and Economic Development – Louise Wall	4,995	(111)	There are a number of significant variations within the service as follows. There are increased costs for Housing Strategy, and the Minerals and Waste plan consultations of £90,000. The development group budget continues to be under pressure due to reduced income from developers and is £77,000 over budget. These overspends have been offset by holding vacant posts in other areas including Regeneration Projects , Economic Development and the Education Business Partnership , which amount to £278,000.	Continue to monitor these budgets to ensure that the savings are delivered in order to fund the overspends. A carry forward request has been made to cover the transitional costs of making the Budget savings next year.	None as long as the savings continue to be delivered.
Trading Standards, Heritage and Culture. – Mark Ryder	4,111	238	The Heritage and Culture service has transferred to EED from AHCS and the early indications are that there is a significant overspend relating to the Archaeology service of £250,000 and this is offset by various underspends in other areas of the service.	Investigate and review the costs and income within the Archaeology service to determine the current situation and the likely prospects for the future.	This will depend on the outcome of the review.
Contingency Funds	445	(140)	This assumes £305,000 of restructuring costs in 2010/11. Putting things in place to achieve the savings plans over the next three years means that this is likely to change.	Identify what restructuring costs the Directorate will incur in the current year.	Changes to how the service is delivered.

A	B	C	D	E	F
---	---	---	---	---	---

**Appendix D**

Service (including responsible officer/s)	Revised Net Budget £ '000	Projected Overspend/ (Underspend) £ '000	Reason for Variation	Management Action	Service Consequences/ Impact on performance
Other Minor variations	5,730	290	This includes the termination costs for ETW and other service changes of £248,000 (this plus £143,000 which was incurred in 2009/2010 adds up to the £391,000) increased legal charges of £94,000 offset by savings on Salaries and Pensions of £52,000.	Request funding of £391,000 from the Service Realignment fund.	None
<b>Total</b>	<b>64,966</b>	<b>229</b>			

**General Comments:** We are requesting funding of £391,000 from the service realignment fund which would fund the closure costs of ETW and other restructuring costs. The above includes overspends for services transferring into this directorate and these need to be reviewed quickly to establish the likely impact.

Warwickshire Fire and Rescue ServiceProjected Revenue Outturn 2010/11 for quarter 2

A	B	C	D	E	F
Service (including responsible officer/s)	Revised Net Budget £ '000	Projected Overspend/ (Underspend) £ '000	Reason for Variation	Management Action	Service Consequences/ Impact on performance
Capacity	0	207	The Service still has a requirement to build capacity in order to meet the ongoing challenges of the Atherstone on Stour incident.	A funding application for £207,000 from the Capacity Building Fund has been submitted.	This will depend on the outcome of the application.
Pensions	829	(260)	Low level of ill health retirements.	The Directorate will continue to monitor the Pensions Operating Account.	None
Atherstone	0	163	The Directorate does not hold a contingency fund to cover the costs of the incident and therefore there is no budget. The expenditure is mainly in relation to legal fees.	This forecast is an estimate based on the information we have at this time. The funding of these costs will be considered as part of the Budget and Medium Term Financial Planning process and will be reported separately to members once the outcome of the investigation is known.	This will depend on the outcome of the budget process and any decisions taken by Cabinet/Council.
Other	24,733	90	This overspend is made up of a number of minor variations across various budgets.	The Service will review the causes of this overspend and take management action to rectify the situation where possible.	None
<b>Total</b>	<b>25,562</b>	<b>200</b>			

Resources DirectorateProjected Revenue Outturn 2010/11 for quarter 2

A	B	C	D	E	F
Service (including responsible officer/s)	Revised Net Budget £ '000	Projected Overspend/ (Underspend) £ '000	Reason for Variation	Management Action	Service Consequences/ Impact on performance
Design & Construction, Julian Humphreys	(664)	51	Fee income targets not being fully achieved (though this represents a significantly improved position from quarter 1) due to a reduced number of devolved projects coming forward and a general slowdown in capital spending.	Attempt to identify further additional income to cover this loss and look for savings to meet the balance of this overspend.	The forecast overspend will impact on Resources Reserves.
Maintenance & Projects, Craig Roberts	(178)	(63)	Additional works have been undertaken and, therefore additional fee income generated.	Continue to closely monitor work programme and analyse fee income due.	The forecast underspend will be added to Resources Reserves.
Catering, Sandra Russell	(1)	(90)	Additional trading income has been achieved to date and is forecast to be made in the second half-year.	Continue to monitor the trading position of the Catering service.	The forecast underspend will be added to the Catering Equalisation Account.
Procurement Efficiency Savings, Paul White	382	162	The combined effect of a variety of reasons including the balance in the work programme between projects delivering savings in 2010/11 compared to 2011/12.	The work programme is continually under review. Other savings will be identified to balance between years.	The forecast overspend will impact on Resources Reserves.
Other Minor Variations	5,318	(60)	The combined effect of a variety of minor forecast under and overspends arising from the detailed forecasts made by cost centre managers supported by finance staff.	Each service head in the directorate is taking a keen interest in monitoring the budgets managed by their cost centre managers. The overall position is considered at meetings of Resources Management Team.	The forecast underspend will be added to Resources Reserves.
<b>Total</b>	<b>4,857</b>	<b>0</b>			

**General Comments:**

Each Service has a turnover saving target and whilst it is not clear at present that each service will achieve its individual target it is anticipated that sufficient turnover savings will be achieved in aggregate to meet the total turnover saving target.

Other ServicesProjected Revenue Outturn 2010/11 for quarter 2

A Service (including responsible officer/s)	B Revised Net Budget £ '000	C Projected Overspend/ (Underspend) £ '000	D Reason for Variation	E Management Action	F Service Consequences/ Impact on performance
Capital Financing and Interest on Revenue Balances	36,391	(1,086)	A significant underspend against the Public Works Loan Board budget provision as a consequence of underborrowing from external sources last year and the intended call from internal sources this year have resulted in lower interest payments being made. This effect has been compounded by the fact we have taken out loans for shorter periods which attract lower repayments rates. In addition following a recent review of market rates and performance to date, which is expected to continue until year end, we are anticipating a significantly better return on investments managed by our external fund managers compared to the original forecast which has been increased to reflect this.	Continue to monitor the external cash manager's performance and borrowing rate movements and cash flow.	The forecast underspend will be added to general reserves.
Elections	107	(73)	The costs of quadrennial elections are provided for by paying any unspent balance in a non-election year into an earmarked reserve.	None required.	The forecast underspend will be added to the earmarked elections reserve.

## Appendix G

A	B	C	D	E	F
Service (including responsible officer/s)	Revised Net Budget £ '000	Projected Overspend/ (Underspend) £ '000	Reason for Variation	Management Action	Service Consequences/ Impact on performance
Members Allowances	1,135	(137)	A reduction in mileage rate to 40 pence per mile and a reduced number of members receiving responsibility allowances.	None required.	The forecast underspend will be added to general reserves.
External Audit Fees	349	(143)	Reduced levels of audit fee have been incurred due to a reduction in the volume of grant claims, the fact that the Superannuation audit is now charged direct to the Fund, and the cost of our inspection fee has also fallen considerably.	None required.	The forecast underspend will be added to general reserves.
Other Minor Variations	4,374	155	The combined effect of a variety of forecast under and overspends arising from the detailed forecasts made.	Continue to monitor the position with regard to on-going expenditure levels on these cost centres.	The forecast overspend will impact on general reserves.
Area Based Grant * see comment below	(27,134)	0			
Single Status * see comment below	3,181	0			
<b>Total</b>	<b>18,403</b>	<b>(1,284)</b>			

**General Comments:** The Area Based Grant budget has been shown separately from the other “controllable” base budgets as it is only held temporarily within Other Services as allocations are made across Directorates throughout the year and it is forecast to be fully allocated at year end. The same comment equally applies to the £3,181,000 currently held for funding the cost of Phase 2 of the Pay and Conditions Review.

**Summary of Projected Reserves Balances**

Title of Reserve	In Hand/ (Overdrawn) Opening Balance 1/4/2010	Approved Transfer to/(Use of) in 2010/11	Additional Contributions/(Use) Requested	Effect of Quarter 2 forecast	In Hand (Overdrawn) 31/3/2011
	£'000	£'000	£'000	£'000	£'000
Adult, Health & Community Services	<b>(2,372)</b>	2,793		(4,572)	<b>(4,151)</b>
Children, Young People & Families	<b>21,937</b>			(3,196)	<b>18,741</b>
Customers, Workforce & Governance	<b>831</b>	(233)		120	<b>718</b>
Partnership & Performance Unit	<b>133</b>	(30)		(97)	<b>6</b>
Environment & Economy	<b>2,564</b>	(1,082)		(229)	<b>1,253</b>
Fire & Rescue	<b>(110)</b>	378		(200)	<b>68</b>
Resources	<b>656</b>	69		0	<b>725</b>
Other Services	<b>2,071</b>	0		73	<b>2,144</b>
General Reserves	<b>8,192</b>	2,791		1,211	<b>12,194</b>
Insurance Fund	<b>10,290</b>				<b>10,290</b>
Service Realignment Fund	<b>7,105</b>				<b>7,105</b>
Capital Fund	<b>128</b>				<b>128</b>
Fire Radio	<b>72</b>				<b>72</b>
Virtual Bank	<b>(878)</b>	(756)			<b>(1,634)</b>
LA Business Growth Incentive (LABGI)	<b>715</b>	(715)			<b>0</b>
<b>Total</b>	<b>51,334</b>	<b>3,215</b>	<b>0</b>	<b>(6,890)</b>	<b>47,659</b>