

## **Cabinet**

**22 January 2019**

### **2019/20 Refresh of the Medium Term Financial Plan 2020 – Updated Information**

#### **Recommendations**

Cabinet is recommended to:

- 1) Note the latest resource and spending information and the impact on the emerging budget proposals.
- 2) Note the Assistant Director of Finance and ICTs risk assessment on the level of general reserves, as detailed in Appendix D.
- 3) Extend the use of the Redundancy Fund to meet the costs of staffing changes arising from the new operating model and service transformation.
- 4) Publish, in light of the information provided, their 2019/20 budget resolutions for recommendation to Council on 7 February 2019.
- 5) Authorise the Assistant Director of Finance and ICT to incorporate the outstanding resource information into the budget resolutions to be considered by Council on 7 February 2019.
- 6) Recommend that Council, in the event of final resource figures being above or below the estimates used in this report, approve that the variation be managed by an adjustment to the Medium Term Contingency.

## 1. Introduction and Background

- 1.1. At the Cabinet meeting, on 11 December 2018 a report outlining all the information underpinning the development of the 2019/20 budget alongside Corporate Board's suggestions as to what should/could be funded within a balanced budget was considered.
- 1.2. The proposals focussed on ensuring the fundamentals of the OOP budget strategy remain unchanged and proposed allocations so that by the end of 2019/20 the budget will be balanced and sustainable into the future. As at December this meant there was limited financial capacity to fund any on-going new or different initiatives. The key features were:
- A 2.99% increase in the basic level of council tax plus levying an additional 2% precept specifically to meet demand pressures in adult social care;
  - A 2% provision for pay and price inflation plus provision for the additional pension costs of which we have been notified;
  - On-going allocations of £13.368 million and further time-limited allocations of £13.820 million to meet growing demand pressures and pump prime investment that will deliver service transformation and support the future delivery of savings.
  - A savings plan of £17.644 million of which £14.923 is to be delivered by March 2020;
  - Continuing with a capital strategy for the organisation with a focus on reinvesting the benefit of growth in the taxbase in the infrastructure of the county to place it in a strong position as we become increasingly self-sufficient,
- 1.3. These proposals were based on the best information available at the time on both the level of resources available and known/emerging spending pressures. In a number of areas final information was either not known, or has changed over the intervening period. These areas are:
- The Local Government Finance Settlement and other Government funding announcements.
  - Growing demand-led pressures and difficulty in delivery of the savings plan that have emerged as part of the quarterly budget monitoring and are reported elsewhere on today's agenda.
  - The level of business rates expected to be generated locally in 2018/19.
  - The council tax taxbase for 2018/19.
  - The surplus/deficit on council tax and business rates collection from previous years.
  - Reserves and the impact of the Assistant Director of Finance and ICTs reserves risk assessment.

- 1.4. This report updates members on the latest information for each of these areas, and in doing so it also provides Cabinet with the opportunity to issue their final 2019/20 revenue and capital budget resolutions. Where final information is not available in time for the publication of this report, an updated version will be tabled at Cabinet on 22 January 2019.
- 1.5. Alongside the work on developing the 2019/20 budget proposals the authority has been progressing the implementation of new organisational structure that will be fully operational from 1 April 2019. To maintain a robust financial control environment and to ensure clear accountability and responsibility for the use of resources this report also restates the proposals in the December Cabinet report, incorporating the additional proposals from Corporate Board outlined in Section 5, into the new structure. These are shown in **Appendices A to C**.

## **2. Impact of the Local Government Finance Settlement**

- 2.1. The provisional Local Government Finance Settlement was announced on 13 December 2018. There were two elements of the announcement that had a direct impact on the financial position reported to Members earlier in the month:
  - An additional £0.306 million of New Homes Bonus funding.
  - An additional £0.968 million one-off grant, which is our share of the £180 million surplus business rates levy from previous years the Government is reallocating back to local authorities.
- 2.2. In addition the figures for the additional one-off funding for winter pressures, adults and children's social care and the contribution to the additional cost of the increase in fire pension costs were confirmed.
- 2.3. At the same time as the Local Government Finance Settlement was announced the Department for Education also announced an increase in the Dedicated Schools Grant of £1.197 million in 2019/20 to provide additional support for children with special educational needs and disabilities (SEND). The additional funding allows the authority to reduce the amount of reserves set aside as part of the December proposals to cover the forecast overspend on the Dedicated Schools Grant whilst proposals to bring the budget back into balance are implemented.
- 2.4. Together these elements of the provisional local government finance settlement and other grant announcements **increase the resources available**

to support services by £0.306 million on-going and £2.182 million on a one-off basis.

### 3. Local Taxation

#### 3.1. Council Tax

In the December Cabinet report the figures were based on increase in the taxbase of 2% in 2019/20. The districts/boroughs have now confirmed their council tax base for 2019/20 and these are showing a year-on-year increase of 2.76%. This will **generate an additional £2.048 million on-going resource**. The breakdown of the 2019/20 taxbase across the districts/boroughs is shown in Table 1.

Table 1: A Comparison of the 2018/19 and 2019/20 Council Tax Taxbase				
	2018/19 Taxbase Band D Properties	2019/20 Taxbase Band D Properties	Variation Band D Properties	Variation %
North Warwickshire	20,555.86	20,818.16	262.30	1.28%
<i>Nuneaton and Bedworth</i>	<i>37,187.30</i>	<i>37,745.11</i>	<i>557.81</i>	<i>1.50%</i>
Rugby	36,271.17	37,479.74	1,208.57	3.33%
Stratford-on-Avon	54,477.21	55,837.76	1,360.55	2.50%
Warwick	53,388.87	55,577.17	2,188.30	4.10%
<b>Total</b>	<b>201,880.41</b>	<b>207,457.94</b>	<b>5,577.53</b>	<b>2.76%</b>

***[Please note the taxbase for Nuneaton and Bedworth is yet to be confirmed and the figure shown in the table is an estimate. Once the final figure is confirmed this may vary the amount of additional resource generated. If the figure is available before 22 January 2019 an updated report will be tabled].***

#### 3.2. Business Rates

The partial localisation of business rates is still relatively new and the annual changes to the schemes of discounts and allowances continue to make it difficult to make any realistic assumption about the likely level of income.

The statutory deadline for each district/borough in Warwickshire providing details of our share of expected business rates in 2019/20 is 31 January 2019. At this time no figures have been received it is therefore recommended that the current estimates, as included in the Medium Term Financial Plan are used for budget setting. Any variation will then managed through the use of or a contribution to the provision set aside in reserves for this purpose. The final

position will be reported to Cabinet in April as part of the Service Estimates report.

***[Please note that at the time of writing, no figures have been received. If figures are available before 22 January 2019 an updated report will be tabled].***

### 3.3. Surplus/Deficit on Collection

As part of setting the council tax we also have to take into account any surplus/deficit on collection of council tax from previous years. The breakdown of the surplus/deficit across the districts is shown in Table 2 and provides an **additional £x.xxx million one-off** funding available to support the budget in 2019/20.

Table 2: 2019/20 Surplus/(Deficit) on Council Tax Collection	
	£m
North Warwickshire	
Nuneaton and Bedworth	
Rugby	
Stratford-on-Avon	(0.710)
Warwick	
<b>Total</b>	

***[Please note that at the time of writing, four of the five figures are yet to be confirmed. If further figures are available before 22 January 2019 an updated report will be tabled].***

## 4. Reserves

- 4.1. When looking at short-term funding to support the 2019/20 budget we need to consider the known calls on reserves. The Quarter 3 forecast outturn position, reported elsewhere on today's agenda is for a small underspend of £1.651 million.
- 4.2. Subject to the budget being delivered as approved in 2019/20 this will ensure that the authority has a financially robust position to underpin the development of the 2020-25 Corporate Plan.
- 4.3. Legislation requires that the Assistant Director of Finance and ICT makes an annual statement on the adequacy of general reserves and provisions. The Assistant Director of Finance and ICT has now completed the risk assessment

for 2019/20. This confirms that the minimum level of general reserves it is prudent to retain remains at £18.5 million. A copy of the risk assessment is attached at **Appendix D**.

4.4. The latest forecast of unencumbered general reserves is £9.405 million above the £18.5 million specified by the Assistant Director of Finance and ICT, after making provision to make good the forecast overspends in the Dedicated Schools Grant and waste management services that are recommended as part of the Quarter 3 One Organisational Plan Progress Report elsewhere on today's agenda. It is this one-off funding that represents the reserves previously identified as available to support the 2019/20 budget. Given this, it is strongly recommended that no additional reserves are used to support the 2019/20 budget above the £9.0 million identified in the December report.

4.5. Redundancy Fund

Since the authority entered a period of delivering significant levels of savings on an annual basis we have set aside corporate funding for redundancy costs. Without the availability of the corporate provision services would need to identify additional savings to cover any redundancy costs. Currently applications to the fund are for redundancies resulting from the delivery of savings as part of the One Organisation Plan. During 2019/20 as the organisation moves to the new operating model and service transformation is implemented there will be further reductions in staffing numbers. Cabinet are therefore asked to approve an extension to the use of the Redundancy Fund to meet the costs of staffing changes arising from the new operating model and service transformation where the changes will contribute towards the delivery of the 2020-25 Corporate Plan.

## 5. Proposals for Additional Allocations

- 5.1. Since the background information in the report to Cabinet in December was prepared more information has been received and additional resources identified. As a result there is **now £3.758 million of on-going and £4.315 million of one-off resources available to support the budget**. This provides Elected Members with the opportunity to further shape the authority to deliver the One Organisation Plan 2017-20 and invest in services to place the authority in a stronger position to meet the challenges ahead.
- 5.2. Following the strategy adopted for the 2019/20 budget proposals outlined in the December report there are a number of areas where Corporate Board would recommend that some of this additional capacity is invested. These are set out in the following paragraphs and, if supported would still leave **£1.278**

**million of on-going and £4.315 million of one-off resources available to support the budget.**

**5.3. Children's social care - £1,000,000**

One of the core objectives of the 2019/20 budget strategy was to ensure the budget position at the end of 2019/20 was sustainable and there were no residual issues to be resolved in future years. Whilst the December proposals delivered this, the demand management savings in children's social care were phased over two years. Given the continued growth in demand facing the service this continues to represent the most financially challenging saving in the 2019/20 plan.

Corporate Board propose that £1 million of the additional resource is used to reduce the saving from demand management and the £1 million of the one-off Government grant for social care this releases is set aside as part of the Children's Transformation Fund to invest in initiatives to further reduce demand in the future.

The service will continue to aim to deliver the original £2 million target. If successful this will reduce the level of savings the authority needs to make in the future.

**5.4. Capital Financing Costs - £800,000**

An £800,000 additional allocation for capital financing costs equates to increasing the resources available for allocation to new capital schemes by £10 million. It is the view of Corporate Board that at least this much additional resource is required as, once the priority schemes identified in the draft capital strategy (Appendix D of the December report) are funded, there is minimal capacity to bring forward any other schemes.

**5.5. Heritage and Culture Savings - £80,000**

The final year of the Heritage and Culture savings were due to be delivered through a management structure of the service. Following the move to the new organisational structure it is no longer possible to deliver the saving as originally planned as the teams affected are now part of different Services. Corporate Board therefore propose deleting the saving at this time. Instead the integration of the Heritage and Culture teams into their new 'home' services will be considered as part of delivering the 2020-25 Corporate Plan.

**5.6. Transport Planning - £200,000**

The level of housing growth within Warwickshire means there is increasing pressure to respond to demand and develop proposals for the new infrastructure required in a timely and effective way. Corporate Board have

concluded that providing additional capacity for transport planning would be helpful in responding to these demands.

#### **5.7. Property Services Feasibility - £200,000**

As part of the proposals to re-balance the Property Services budget to reduce the reliance on trading income and deal with the 2017/18 overspend approved by Cabinet in July 2018, the budget for property feasibility studies was removed. Instead a requirement was introduced that services wanting to re-configure their property requirements need to fund the necessary feasibility studies. This has meant that the implementation of service redesign and transformation is being slowed. An annual provision of £200,000 for property services feasibility, with its use closely aligned to service re-design and configuration, would release some of this pressure.

#### **5.8. School Improvement**

Council has recently approved the Education Strategy that will serve as the blueprint for driving the service forward over the next few years. Investment of £200,000 in the local authority's service improvement offer to support the implementation of the education strategy would provide some additional capacity to take this work forward.

### **6. Adult Social Care**

6.1. There were no changes to the funding arrangements for adult social care announced as part of the provisional Local Government Finance Settlement from the information included in the December Cabinet report.

6.2. However, the growth in the council tax base outlined in paragraph 3.1 will result in an increase in funding for adult social care from the 2% council tax levy of £0.176 million. The service proposes to use this additional funding in preparation for managing demand pending the proposals for the long term funding of adult social care. The one-off funding for winter pressures is £0.035 million higher than forecast.

### **7. Dedicated Schools Grant**

7.1. There are no proposals from Corporate Board to amend the proposals for bringing the Dedicated Schools Grant back into balance from those brought forward as part of the December Cabinet report. The proposals for the use of the available general reserves and the use of the additional government grant remain consistent with this. A full report on approving the allocation of the

Dedicated Schools Grant will be brought to Cabinet for approval at the meeting on 14 February 2019 following the consideration of proposals by the Schools Forum.

## **8. Capital Strategy and Programme**

- 8.1. There are no proposals from Corporate Board to amend the draft capital strategy brought forward as part of the December Cabinet report. However, Corporate Board do recommend that to deliver the strategy additional capacity is needed in the Capital Investment Fund, as outlined in paragraph 5.4.

## **9. Outstanding Issues for 2019/20**

- 9.1. Section 3 of the report highlighted a number of areas where information is still outstanding on the final level of resources that will be available to the authority in 2019/20. Where this information is available before 22 January it will be included in a revised report and/or the 2019/20 budget resolutions. Where any information is not known when the papers for Council in February are published any variation to the estimated figures will be managed through reserves for 2019/20 and picked up as part of the preparation for the 2020/21 budget. Any areas of concern will be specifically reported to Members as part of the Service Estimates report to Cabinet in April 2019.

## **10. 2019/20 Budget Resolutions**

- 10.1. In putting forward their proposals Members are reminded that local authorities are required by law to have a balanced budget. An intention to set a deficit budget is not permitted. However what is meant by 'balanced' is not defined in law. A prudent definition of a sustainable balanced budget is a financial plan based on sound assumptions which shows how income will equal spend over the short- and medium-term, acting in a way that considers both current and future local taxpayers.
- 10.2. If the budget is unbalanced then the Chief Finance Officer, supported by Corporate Board will have to consider issuing a Section 114 notice. Such a notice is only given in the gravest of circumstances, as during that time spending and other financial activity is suspended and the External Auditors and the Ministry for Housing, Communities and Local Government (MHCLG) may then have to take over the running of the Authority.

- 10.3. Because Members decide on the council tax before the year begins and can't increase it during the year, there is a need to consider risks and uncertainties that might force them to spend more on their services than they planned. Allowance is made for these risks by: making prudent allowance in the estimates for services; and ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.
- 10.4. To avoid an unbalanced budget the Local Authority has to be financially resilient. Setting a clear medium-term financial plan helps clarify expected income and expenditure. Accurate awareness of the funding available in the forthcoming years means the Council stands a better chance of balancing the budget. Reserves are a useful option for balancing the budget in the short-term. However, reserves should not be used to pay for day-to-day expenditure and it is important that they are replaced when the short-term need has passed. Therefore, the financial plan for 2019/20 needs to be fully balanced on an ongoing basis, with no ongoing spending funded from one off resources meaning the 2020-25 Corporate Plan starts from a deficit position.
- 10.5. Since 2011, we have adopted a stepped approach to the development of our medium term financial plans and have a track record of delivering savings. Work is underway to define the process by which the Corporate Plan 2020-25 will be developed, bringing together service and financial planning arrangements as part of the authority's new operating model. This is being developed so that commissioning strategies, key business measures and performance management requirements are all aligned and consistent with the available resources of the authority. As part of agreeing the 2019/20 budget Members will need to demonstrate a commitment to undertake the work, take the decisions required to develop the next medium term financial plan and deliver the resulting service changes as part of their 2019/20 budget resolution.
- 10.6. Agreement of the approach for developing the 2020-25 Corporate Plan including the setting of a new medium term financial plan, will allow us to demonstrate that the finances of the authority are allocated in accordance with the priorities of the organisation and that they remain robust and our service delivery is sustainable. The proposals for the medium term financial plan will need to be worked up in the first half of 2019 and identify further savings of £20 million to £45 million over the five years 2020/21 to 2024/25, with a mid-point of around £30 million.
- 10.7. It is important that the Authority complies with its obligations under the Equalities Act 2010 - the public sector equality duty (PSED) - to promote equality and to reduce discrimination in relation to any of the nine 'protected characteristics' (age; disability; gender reassignment; pregnancy and

maternity; marriage and civil partnership; race; religion or belief; sex; and sexual orientation). The Council must have 'due regard' to the PSED when taking any decisions on service changes whilst recognising that local authorities have a legal duty to set a balanced budget and that council resources are being reduced by central government. Similarly, if proposals are likely to have adverse impacts on customers, public consultation should be undertaken before any final decisions are made and consideration given to the outcomes of those consultations. This may mean that some proposals are not implemented and alternative solutions may need to be sought. Legal challenges to local authority budget setting processes have tended to turn on whether the authority has complied with these duties.

- 10.8. Using the information contained in this report, Cabinet are asked to approve their 2019/20 Budget resolutions for recommendation to Council on 7 February 2019. Cabinet are also asked to authorise the Assistant Director of Finance and ICT to update the budget resolutions to Council to reflect the final resource information.

## 11. Background Papers

- 11.1. None

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Elected Members have not been consulted in the preparation of this report.

## 2019/20 Budget Refresh - Proposals from Corporate Board for the Allocation of Permanent Funding

Service	Title	2019/20 £000	Commentary
Children's Services	Residential Placement framework contracts	100	There will be a minimum increase in residential framework costs of £100k due to the regional residential framework increasing unit costs by at least 4% by 31.03.2019.
Children's Services	Allowances	631	Allowances related to Special Guardianship Orders (SGO), residence orders, child arrangement orders and adoption orders are forecast to be overspent by £631k. This relates to £171k of growth in the number of statutory orders. The remaining £460k relates the requirement, as a result of case law and Ombudsman findings nationally, that require local authorities to have parity between SGO and fostering allowances.
Children's Services	CLA increase in Placements	3,741	To fund overspends on placements for children in care being carried into 2019/20. This relates to overspending in the Children's Disability Team of £776k in residential care and £338k in external foster care. The remaining £2.627m is due to savings not being achieved as originally planned.
Children's Services	Leaving Care (& CDS) Post 16 Accommodation & Asylum	1,212	16 plus and asylum accommodation is overspending by £1.212m. This relates to care leavers supported accommodation costs which is £716k overspent. Unaccompanied asylum seeking children (UASC) accommodation costs have increased above the level of the government grant by an estimated £246k. The remaining £250k relates to forecast growth in client numbers.
Children's Services	Young Carers Contract	50	The external funding used to fund this activity has been withdrawn. The allocation is to enable the service to be maintained.
Children's Services	Integrated Community Equipment Service (ICES)	125	An element of the funding for the ICES in relation to children's services was one-off. The allocation will enable the current levels of activity to be maintained.
Children's Services	Loss of Priority Families Government Grant	371	An allocation to replace the £371k loss of priority families grant in 2019/20

## 2019/20 Budget Refresh - Proposals from Corporate Board for the Allocation of Permanent Funding

Service	Title	2019/20 £000	Commentary
Children's Services	Invest to save - Different Futures	150	The £150k funding for Different Futures ends in 2018/19. This project works with parents to prevent repeated incidents of children being removed from their care and this allocation would allow the project to continue.
Children's Services	Pressures on the service as a result of non-delivery of savings plan	395	Continuing to fund on-going spend from temporary funding on an annual basis is not sustainable. This allocation will ensure the Children and Families Business Unit is funded on a sustainable basis going forward.
Adult Social Care Services	System for receipt of direct payments and a provider payments portal	157	Projects currently underway to implement a Direct Payments card, an online invoicing solution for Adults Homecare providers and a reablement time administration system.
Adult Social Care Services	New preventative contracts to replace ad hoc spot provision	1,332	Set up preventative contracts funded from iBCF (£1,252k) and an Information and Advice Contract (agreed in 2018/19), funded from adult social care base budget (£80k)
Adult Social Care Services	Refreshed iBCF plans to bring forward service developments that will help to mitigate future demand	2,388	New initiatives to transform social care services or enhance partnership working.
Adult Social Care Services	Pilot to transfer payment responsibility for adult support from Children's and Families to adults	1,000	Internal payments to Children & Families for funding to meet LA support requirements within the Care Act. Short breaks services and equipment provision funded by Children's & Families has traditionally been considered to be spent on Children, but in fact the immediate impact is on the adult carers who are prevented from entering the adults social care system.
Adult Social Care Services	Contingency to support preparation for managing demand pending the proposals for the long term funding of adult social care	176	
Education Services	Home to School transport	1,082	Pressures on Home to School Transport as a result of increase in school age population and the increase in the proportion of pupils with SEN requiring personalised transport solutions.

## 2019/20 Budget Refresh - Proposals from Corporate Board for the Allocation of Permanent Funding

Service	Title	2019/20 £000	Commentary
Education Services	School Improvement	200	Investment in the local authority school improvement offer to support the implementation of the Warwickshire Education Strategy+D33
Strategic Commissioner Communities	Armed Forces Covenant	30	To provide a permanent source of funding for this activity, reflecting the County Council's policy commitment.
Strategic Commissioner Communities	Tourism	90	Additional 3 year funding was allocated as part of the WCC budget setting for the period 16/17 - 18/19. The 3 year forward plan for Tourism 2018-22 builds on the work done to date in support of this key sector and maximises opportunities arising from the City of Culture and the Commonwealth Games for Warwickshire. Additional budget is required in order to maximise delivery of the new forward plan which will allow us to be more proactive with Partners and direct resources to supporting local Warwickshire tourism.
Strategic Commissioner Communities	Promotion of Coventry and Warwickshire Economic Growth	60	The County Council has been an active partner in the Coventry & Warwickshire Economic Growth partnership, which annually attends the world's largest property event to raise the profile of the Coventry & Warwickshire area on a global stage; promote the investment opportunities within the sub-region; develop new and stronger relationships with key partners, stakeholders and businesses who may be looking to invest in the local area; and promote key sites/areas of investment of importance to the County Council and Warwickshire. There is no core budget for this expenditure, however attendance is a WCC partnership commitment in the medium term and therefore a sustainable source of funding is required.
Strategic Commissioner Communities	Transport planning	200	The level of housing growth within Warwickshire means there is increasing pressure to respond to demand and develop proposals for new infrastructure in a timely and effective way. The allocation will provide additional capacity for transport planning to respond to these demands.

## 2019/20 Budget Refresh - Proposals from Corporate Board for the Allocation of Permanent Funding

Service	Title	2019/20 £000	Commentary
Environment Services	Waste Management Volume & Growth	385	Growth in housing is creating additional pressure on the service combined with inflationary costs from contracts and recycling credits. These pressures are partially offset by increased tonnage delivered to the Coventry Incinerator
Enabling Services	Information technology architecture lead	69	A strong theme of ICT strategy work over the last 18 months, and the more recent Digital programme, has been the need to establish an architecture team to support the role of a Design Authority and to steer organisational strategy and investments in relation to digital and technology. Whilst the capacity for the team itself will be created from the re-organisation and refocus of existing resources for the work to be effective there is a need to create a new lead/manager role for the activity that does not currently exist.
Enabling Services	Property feasibility studies	200	An annual provision for property services feasibility, with its use closely aligned to service re-design and configuration, to avoid the need for services wanting to re-configure their property requirements to fund the necessary feasibility studies so risking the implementation of service redesign and transformation is being slowed.
Other Services	Capital Financing Costs	800	Provision to cover the additional borrowing costs of increasing the resources available in the Capital Investment Fund by £10 million.
<b>Permanent Allocations Proposed</b>		<b>14,944</b>	

## Appendix B

### 2019/20 Budget Refresh - Proposals from Corporate Board for the Allocation Time-limited Funding

Business Unit	Title	2019/20 £000	Future Years £000	Total £000	Commentary
Education Services	DSG Overspend	3,300	1,600	4,900	The service redesign, as set out in Section 11 of the report, is only likely to begin to take effect towards the end of 2019/20. Therefore the total call on corporate reserves could be as high as £3.3m in 2019/20 and a further £1.6m in 2020/21 given the forecast overspend in 2018/19 of £4 million.
Strategic Commissioner - Communities	LEP Growth Hub	128	256	384	The County Council (along with the other local authorities in the area) provided initial funding to establish the Growth Hub, and for the past two years have provided further revenue funding of £100,000 p.a. to support the operations of the Growth Hub (agreed in the February 2017 Budget Resolution of the Council). A proposal for a further three years of funding has been put forward by the Growth Hub for the period 2019/20 to 2021/22. This is for £128,000 for three years after which time it is hoped the Growth Hub will become financially sustaining.
Strategic Commissioner - Communities	HS2	0	266	266	A one-off allocation of £200k for 2019/20 was approved as part of OOP 2020. However work on HS2 will continue beyond 2019/20 and therefore it is proposed to fund the work for a further two years at a cost of £133k a year.
Strategic Commissioner - Communities	City of Culture	250	750	1,000	To fund investment in City of Culture projects over the next four years.
<b>Total Time-limited Funding Proposed</b>		<b>3,678</b>	<b>2,872</b>	<b>6,550</b>	

## 2019/20 Budget Refresh - Proposals from Corporate Board for the Allocation of Savings Plans

Description of change proposed	Savings Classification	2019/20 Savings £'000	Explanation of adjustments or new savings
<b>Education Services</b>			
Access and Organisation; a reduction in planning costs, the removal of funding for vacant sites and removing the provision for the set-up costs of new schools	OOP 2020	35	
Stop funding redundancy costs for schools and only provide for existing commitments	OOP 2020	121	
<b>Total for Education Services</b>		<b>156</b>	
<b>Fire and Rescue</b>			
Reduce the number of fire engines at Stratford and Coleshill fire stations	New	200	Reducing the number of fire engines from 2 to 1 at Stratford and Coleshill, through removal of the retained pumps.
Reduce the budget for pensions and ill-health retirements	New	100	The proposal reflects the recent risk assessment of ill-health retirement frequency and likely costs if they were to arise.
Introduction of a single control room as part of the work on the MoU with West Midlands	New	300	This reflects the latest estimate of the costs that could be saved. Work is ongoing to identify the split between staffing versus software costs and other related expenditure.
Use of reserves (one-off) to provide funding for phasing as it is unlikely the control room savings will materialise in 2019/20	New	(300)	
Asset reductions and reconfiguration of fleet maintenance	New	85	The outcome of a wider approach to fleet provision, procurement and maintenance in collaboration with West Midlands. This will reviewing the assets required as part of service reconfigurations
Health and Safety services	New	46	A reduction in cost as a result of combining the service with the health and safety services of West Midlands Fire.

## 2019/20 Budget Refresh - Proposals from Corporate Board for the Allocation of Savings Plans

Description of change proposed	Savings Classification	2019/20 Savings £'000	Explanation of adjustments or new savings
Review of whole-time deployment, with a view to reducing the number of whole-time firefighters	New	138	The review of resources across the county has identified that there are opportunities to remove some whole-time posts at various stations by modifying existing staffing arrangements
<b>Total for Fire and Rescue</b>		<b>569</b>	

## 2019/20 Budget Refresh - Proposals from Corporate Board for the Allocation of Savings Plans

Description of change proposed	Savings Classification	2019/20 Savings £'000	Explanation of adjustments or new savings
<b>Strategic Commissioner - Communities</b>			
Increase income targets to reflect current activity levels from Section 184 and Minor Works, Section 38 Agreements and pre application advice for highways.	OOP 2020	10	
Increase parking income as a result of re-tendering for the Civil Parking Enforcement operation, increased residential parking permits and on-street parking charges	OOP 2020	44	
Increased income from the current portfolio of business centres as a result of sustained higher levels of occupancy and through pro-active measures to improve service quality to enable increased rents in line with market conditions.	OOP 2020	30	
Increased income by the introduction of a new charging schedule for parking permits, including a consideration of a business parking permit scheme.	OOP 2020	698	
Increased income by developing portfolio of business centres, creating new units in areas of demand to support local economic growth and generate a positive financial return to the Council	OOP 2020	80	
<b>Total for Strategic Commissioner - Communities</b>		<b>862</b>	

## 2019/20 Budget Refresh - Proposals from Corporate Board for the Allocation of Savings Plans

Description of change proposed	Savings Classification	2019/20 Savings £'000	Explanation of adjustments or new savings
<b>Environment Services</b>			
Waste Management - a reduction in the waste tonnage going to landfill	Adjusted	193	This savings target was £643,000 in OOP 2020. Only £193,000 of this is now felt to be deliverable given the demand pressures facing the service, reducing the OOP 2020 savings target by £450,000.
Communities Resources - a reduction in activity and staffing to focus on statutory activity such as freedom of information requests and information governance matters.	OOP 2020	21	
Increased income as a result of pricing changes in Design Services, bringing our charges in line with the sector norm.	OOP 2020	50	
Generate income by an increase in the fees payable for licences and permits, including skips, scaffold, street café licenses and vehicular access requests.	OOP 2020	5	
Increased income from the permit scheme for working on the highway as a result of systems development efficiencies and a more targeted site inspection regime will ensure compliance with permit scheme approvals.	OOP 2020	165	
Energy savings as a result of the capital investment into LED technology within our street lighting stock.	OOP 2020	300	
Increased income and surplus from County Fleet Maintenance following the installation of an MOT test facility at the new Hawkes Point site.	OOP 2020	25	
Generate new income from the implementation and operation of a highway permit scheme for Solihull MBC. The County Council currently manages a similar permit scheme for Coventry City Council.	OOP 2020	25	
Winter gritting route optimisation as a result of rationalising depots to a single south depot.	OOP 2020	25	

## 2019/20 Budget Refresh - Proposals from Corporate Board for the Allocation of Savings Plans

Description of change proposed	Savings Classification	2019/20 Savings £'000	Explanation of adjustments or new savings
Reduction in depot maintenance costs as a result of rationalising depots to a single south depot.	OOP 2020	75	
<b>Total for Environment Services</b>		<b>884</b>	
<b>Children's Services</b>			
Youth Justice Service - a service redesign focussed on reactive court ordered activity with a reduction in staffing and management costs as a result	OOP 2020	222	
Children's Centres - a redesign of the service to reflect targeting support on those with greatest need	OOP 2020	372	
Demand Management - through closer performance management, a new model and approach to risk and locality driven support based on intelligence and hot spots resulting in the ability to better target resources	New	1,000	This saving is as a result of the proposals coming from the Strategic Review of demand management undertaken as part of the Council's transformation work.
Reduction in the demand for legal services	New	150	The saving will flow from the success of the work on demand management
Delivery of a reduction in the need for children to become or remain looked after in Warwickshire	New	2,760	This is a replacement saving for the previous higher target of reducing the number of children looked after. It is based on the outputs from the strategic review.
Reduction in staff costs	New	1,316	The saving results from the restructure of the Children and Families Business Unit that underpins the transformation of the business unit to the new operating model.
Develop the use of independent boarding's schools	New	150	
Efficiencies in staff and client travel resulting in an overall reduction in costs	New	150	

## 2019/20 Budget Refresh - Proposals from Corporate Board for the Allocation of Savings Plans

Description of change proposed	Savings Classification	2019/20 Savings £'000	Explanation of adjustments or new savings
One-off funding to phase the delivery of the new plan	New	(968)	One-off funding met from the additional grant for social care announced in the Chancellors budget. The saving proposals affected are those in relation to demand management and the reduction in the numbers of children looked after.
<b>Total for Children's Services</b>		<b>5,152</b>	

## 2019/20 Budget Refresh - Proposals from Corporate Board for the Allocation of Savings Plans

Description of change proposed	Savings Classification	2019/20 Savings £'000	Explanation of adjustments or new savings
<b>Adult Social Care Services</b>			
Ensure the personal budget offer is consistent and appropriate to need, including the use of the Resource Allocation System	Adjusted	0	Savings unable to be delivered are offset by reductions of demand through early intervention and prevention
Increased reliance on mainstream transport solutions to enable customers to access the services they need	Adjusted	0	Savings unable to be delivered are offset by reductions of demand through early intervention and prevention
Service redesign for Social Care and Support teams (except Reablement - separate savings plan), reshaping the workforce to meet the future model of adult social care	OOP 2020	550	
Use alternative 24 hour care options e.g. extra care housing and supported living	OOP 2020	625	
Develop and shape community alternatives and improve social capital to reduce demand on statutory social care services	Adjusted	0	Savings unable to be delivered are offset by reductions of demand through early intervention and prevention
Alternative solutions for low level needs for home care e.g. assistive technology, information, advice and community resources	OOP 2020	184	
Remodel direct payment employment support services	OOP 2020	150	
Reshaping the information and advice contract aimed at supporting people to return home safely from hospital	OOP 2020	100	
Reduction of demand through early intervention and prevention, with the demand for social care not increasing as budgeted in 2018/19	New	631	Partly due to income from client contributions increasing at a greater rate than spend on new clients and partly due to the proportion of Older People not increasing in line with demography.
<b>Total for Social Care and Support</b>		<b>2,240</b>	

## 2019/20 Budget Refresh - Proposals from Corporate Board for the Allocation of Savings Plans

Description of change proposed	Savings Classification	2019/20 Savings £'000	Explanation of adjustments or new savings
<b>Strategic Commissioner - People</b>			
Drugs and Alcohol - a reduction in costs, prioritised through a redesign and recommissioning process	OOP 2020	923	
Healthwatch - re-tendering and redesign of the service to allow greater use of different channels, of volunteers and alignment with other similar agencies	OOP 2020	45	
Dietetics	Removed	0	Community Dietetics is now an integral part of the Dietetics Service delivered by SWFT on behalf of the 3 CCGs and therefore this saving is no longer available.
Reduce staffing and overheads across the Business Unit	OOP 2020	200	
Smoking Cessation - redesign services to accommodate the changes in how the public are choosing to quit smoking	OOP 2020	100	
Health Visitors and Family Nurse Practitioners - reduction in costs, prioritised through a redesign and recommissioning process	OOP 2020	735	
Advocacy - retendering and redesign of the service, combining the two advocacy approaches into one (see proposed saving from Healthwatch)	OOP 2020	85	
Additional efficiencies across the Business Unit including a review of staff vacancies, efficiencies in the Fitter Futures budget and re-alignment of young carer budget support	New	200	The service plans to use reserves to cover the alternative saving in 2019/20 whilst the work needed to deliver the permanent replacement savings for 2020/21 is taken forward (see below)
One-off funding to phase the delivery of the new plan	New	(200)	

## 2019/20 Budget Refresh - Proposals from Corporate Board for the Allocation of Savings Plans

Description of change proposed	Savings Classification	2019/20 Savings £'000	Explanation of adjustments or new savings
Reduction in the Housing Related Support Programme through a further redesign of the service to ensure support is provided to the most vulnerable, supporting individuals to become more independent and self-sufficient. Review of contracts with a view to reducing costs/services, including decommissioning some specialist services and re-modelling and recommissioning generic housing related support services.	OOP 2020	400	
Reduce and reshape the staffing structure within the Business Unit and a reduction in programme and management support	OOP 2020	122	
Integration of existing commissioning functions into a single commissioning service and generation of an income stream through joint commissioning with and on behalf of partner organisations	OOP 2020	25	
Reduction in historic pension costs that will decline naturally over time	OOP 2020	12	
Reduction in the contingency and projects budget of the Business Unit and the delivery of a rationalised Head of Service structure once the redesign and transformation work has been delivered.	OOP 2020	122	
Rationalisation of the system supporting the Local Authority Designated Officer function with the main social care ICT systems to enable a saving in licensing costs and reductions in Google licence costs	OOP 2020	20	
Reduction in business redesign and collaboration functions and funding for service specific learning and development activity	OOP 2020	31	
<b>Total for Strategic Commissioner - People</b>		<b>2,820</b>	

## 2019/20 Budget Refresh - Proposals from Corporate Board for the Allocation of Savings Plans

Description of change proposed	Savings Classification	2019/20 Savings £'000	Explanation of adjustments or new savings
<b>Business and Customer Support Service</b>			
Increase income from the Registration Service	OOP 2020	35	
Reduction in Library and One Stop Shop and Customer Service Centre management and support staff consistent with the restructure and redesign of these services	OOP 2020	90	
<b>Total for Business and Customer Support Service</b>		<b>125</b>	
<b>Finance and ICT</b>			
The service will reduce the number of staff it employs to support both service managers and Elected Members for budget setting, quarterly financial monitoring and final accounts, by focussing more on training and on-line support and redesigning services to improve the "financial literacy" of the organisation.	OOP 2020	5	
The service will reduce the need for current staffing capacity by focussing on greater use of standardised processing of transactions, less manual intervention and exploring the benefits of a broader transactional service across the organisation.	OOP 2020	90	
<b>Total for Finance and ICT</b>		<b>95</b>	

## 2019/20 Budget Refresh - Proposals from Corporate Board for the Allocation of Savings Plans

Description of change proposed	Savings Classification	2019/20 Savings £'000	Explanation of adjustments or new savings
<b>Enabling Services</b>			
Implement a new HR and payroll system to replace HRMS and restructure the HR Service Centre. This will include the review of charges for all external customers	OOP 2020	229	
The purchase of the new HR and payroll system will provide an alternative learning management and e-learning option resulting in the decommissioning of WILMA and a reduction in the current licence costs.	OOP 2020	31	
Savings in the costs associated with the management of the Service. It also includes an option to offer staff alternative working arrangements such as reduced hours.	OOP 2020	65	
Reduction in the costs associated with the management and support of the ICT Infrastructure equipment that is used to deliver our ICT systems and related facilities. This includes savings associated with the introduction of a new modern telephony service, further contract benefits and adoption of a capital approach for some projects/products.	OOP 2020	100	
Reduction in the funding associated with the provision of ICT Help Desk and Support Services, and a further reduction in the volume and costs of the personal computing facilities provided to staff and elected members.	OOP 2020	140	
Savings in the staffing budget for the Strategy, Programme and Information Team as Project and Programme management support capacity is reduced as part of the general reduction in size of the Council.	OOP 2020	100	
Rental income from Educaterers	Adjusted	21	The revised savings plan for Property Services was approved as part of the restructure and 5 year plan agreed by Cabinet in July 2018. The total level of Savings to be delivered has not changed.
Review of facilities management budgets, service specifications and IT interfaces	Adjusted	49	
<b>Total for Enabling Services</b>		<b>735</b>	

## 2019/20 Budget Refresh - Proposals from Corporate Board for the Allocation of Savings Plans

Description of change proposed	Savings Classification	2019/20 Savings £'000	Explanation of adjustments or new savings
<b>Governance and Policy</b>			
Workforce Strategy and Organisational Development Service - Redesign the service reducing management and team capacity; streamlining learning and development processes with the HR Service Centre and reducing spend on corporately funded learning.	OOP 2020	49	
Increased surplus from external legal work - combination of reducing operating costs, increasing utilisation and delivering more external hours to external customers at increased hourly rates.	OOP 2020	34	
Reduction in the Council's borrowing costs as a result of using capital receipts from the sale of land and buildings (both urban sites and smallholdings) to reduce long term debt	Adjusted	955	The revised savings plan for Property Services was approved as part of the restructure and 5 year plan agreed by Cabinet in July 2018. The total level of Savings to be delivered has not changed.
Release of contingency	Adjusted	85	
Repayment of Hawkes Point self-financed borrowing	Adjusted	198	
Reduced maintenance of the smallholdings estate	Adjusted	7	
Use of one-off resources to match the timing of when capital receipts from the sale of strategic sites are expected to be received	Adjusted	(473)	
<b>Total for Governance and Policy</b>		<b>855</b>	

## 2019/20 Budget Refresh - Proposals from Corporate Board for the Allocation of Savings Plans

Description of change proposed	Savings Classification	2019/20 Savings £'000	Explanation of adjustments or new savings
<b>Commissioning Support Unit</b>			
Reduction in management and operational capacity through streamlining processes and redesigning the service.	OOP 2020	45	
Reduction in software tools and procured data sets which are used to provide insight and intelligence in support of transformation and service delivery for the Council.	OOP 2020	10	
Reduction in the contingency & project budget of the Business Unit and the delivery of a rationalised structure	OOP 2020	60	
Reduction in Business redesign & collaboration functions and funding for service specific learning & development activity.	OOP 2020	35	
<b>Total for Commissioning Support Unit</b>		<b>150</b>	
<b>Total Proposed Savings</b>		<b>14,643</b>	This figure is net of the use of reserves/grants for the Fire and Rescue service (£300k), Children and Families (£968k), Strategic Commissioner - People (£200k) and Governance and Policy (£473k). Excluding these means the savings plans proposed require services to deliver savings of £16.584 million on an on-going basis.

## Appendix D

### Risks Influencing the Level of General Reserves

Risk Area	Level of Risk	Provision in 2019/20
The potential for " <b>Bellwin</b> " type emergencies. Assuming such costs would attract grants under the Bellwin scheme, this provision would support circa £10 million of spend - sufficient for a major emergency.	Medium	£2.5 million
The possibility of <b>overspending on the "Other Services" budget</b> due to the bank base rate staying low over the medium term and delays in the delivery of capital receipts	Low	£1.0 million
The likelihood of members making <b>additional, in-year budget allocations</b> to Services or providing funding for Services where there are difficulties in delivering savings, or arranging for Services to phase the repayment of any overspends over a period of more than one year.	High	£2.0 million
The likelihood of an <b>unanticipated budget pressures</b> arising within the year, for example the repayment of grant or pressure on the authority's VAT partial exemption status or increases in demand that cannot be accommodated within Service/Directorate reserves.	High	£1.5 million
The possibility of significant <b>increases in inflation and/or taxation</b> , after the budget has been set.	Medium	£1.5 million
The possibility of any further costs arising from <b>legal judgements which would fall on the County Council</b> within one year.	Medium	£1.5 million
<b>Provision for further in-year cuts in government funding.</b> The assumption is that any in-year cuts in government funding will be met, in full, by services. The provision reflects the risk that in all cases existing commitments mean this may not be possible.	High	£2.0 million
The possibility of being <b>unable to agree inter-authority / organisation plans</b> . Funding is increasingly dependent on the agreement of multi-organisation plans and receiving our 'share' of pooled resources. The need to reach such agreements in advance of funding being released places such funding at increased levels of risk.	Medium	£1.5 million
The possibility of planned <b>changes to the national benefits system</b> impacting adversely on the demand for local authority services and/or impacting on the eligibility for council tax and other welfare	Low	£0.5 million

support.		
Risk Area	Level of Risk	Provision in 2019/20
<b>Employment related risks.</b> A possibility that there are further legal judgements related to employment terms and conditions.	Low	£0.5 million
<b>Introduction of Academies.</b> The risk that services to schools will not be scaled back quickly enough and/or academies will no longer choose to use the Council's traded services, there will be a loss of economies of scale and estimates of pupil numbers transferring will have been underestimated. Also there is a risk of residual liabilities remaining with the Council when a maintained school converts to academy status.	High	£0.5 million
<b>Schools and Early Years Funding.</b> The risk to the stability of the schools/education services from the implementation of the Government's National Funding Formula for Schools, the Early Years National Funding Formula, the Central Block and funding for High Needs Pupils where the authority needs to support schools through this process to maintain the sufficiency of provision.	High	£1.5 million
<b>Market and/or Social Enterprise Failure.</b> The risk that services provided by the market and/or social enterprises may stop if the provider fails, requiring the local authority to secure alternative provision at short notice.	High	£1.0 million
<b>General contingency.</b> This could be supplemented in any one year by a sizeable proportion of earmarked reserves, providing these were replenished as part of the budget process.	Low	£1.0 million
<b>Total</b>		<b>£18.5 million</b>

**Note:**

The risk assessment excludes the technical impact of any changes in accounting treatment.