

# **Cabinet**

**18 March 2021**

## **Service Estimates 2021/22**

### **Recommendations**

That Cabinet:

- (i) Approves the detailed revenue budget, savings plan and capital programme for each of the Authority's services set out in Appendices A to M; and
- (ii) Notes the adjustments to service revenue and capital budgets as a result of the realignment of budgets within and between directorates since the budget was set on 8 February 2021, as outlined in Section 3 and Appendix N.

### **1. Purpose of the Report**

- 1.1. The County Council is responsible for providing a wide range of services which involve spending significant amounts of both revenue and capital funds. To help ensure that these funds are used effectively, financial responsibilities are delegated to the most appropriate level.
- 1.2. The Council budget setting meeting on the 8 February 2021 agreed the financial plan for the authority for 2021/22, as well as approving the five-year Medium Term Financial Strategy. The purpose of this report is to seek agreement, at a more granular level, as to how each Service plans to use the resources allocated in 2021/22 to meet the ambitions of the Council Plan.
- 1.3. It is important that Members retain an overview of the Council's financial plans and ensure that resources are allocated as intended when the Council's overall budget was approved on 8 February 2021. It is also important, as part of their governance role, that Members understand and support any changes made to the budget during the year. Therefore, this report also asks Members to note the changes to allocations since the budget was set as a result of the ongoing change within the Authority.
- 1.4. The figures in the subsequent sections of this report will form the basis for financial monitoring throughout the forthcoming financial year. Should any further adjustments be necessary, they will be reported as part of the quarterly financial monitoring reports to Cabinet.

## 2. Spending Power

- 2.1. Table 1 provides a summary of the available resources to each Service and the budget reduction each Service is required to deliver in 2021/22. The planned revenue spend of the Council in 2021/22 is £318.0m. This is net of the £8.0m budget reductions (savings) required for the overall budget to remain balanced.
- 2.2. The planned capital spend for the year is £220.1m, although £39.1m of this relates to s278 developer funded highways schemes where the timing of any spend is more uncertain. There is £20.3m of Capital Investment Fund resource available for allocation to projects.

**Table 1: Summary of 2021/22 Spending Power and Savings Plans by Service**

App.	Service	Net Revenue Budget	Savings Plan (part of Net Revenue Budget)	Capital Budget
		£m	£m	£m
	<b>Communities Directorate</b>			
A	Environment Services	131.778	0.352	96.493
B	Education Services	25.837	0.044	40.743
C	Fire and Rescue	21.903	0.385	4.231
D	Strategic Commissioner for Communities	22.758	0.095	34.160
	<b>People Directorate</b>			
E	Adult Social Care	159.293	1.867	0.313
F	Children and Families	67.967	1.632	0.549
G	Strategic Commissioner for People	35.406	0.287	0.313
	<b>Resources Directorate</b>			
H	Business and Customer Services	18.351	0.524	0.192
I	Commissioning Support Unit	6.272	0.046	-
J	Enabling Services	24.347	1.118	20.239
K	Finance	5.503	0.016	-
L	Governance and Policy	1.834	0.358	2.606
M	Corporate Services and Resourcing	(203.215)	1.245	20.308
	<b>Total</b>	<b>318.036</b>	<b>7.969</b>	<b>220.147</b>

- 2.3. A more detailed breakdown of the net revenue spend (direct cost less income), capital programme and savings plan for each service is shown in **Appendices A to M**.

### **3. Adjustments between Council and Service Estimates**

- 3.1. This section sets out the changes to the Authority's revenue and capital spending plans for 2021/22 since the budget was approved on 8 February 2021.

#### **Revenue**

- 3.2. The net service expenditure has reduced by £7.2m compared to the budget approved by Council. It is a single adjustment and is offset by a corresponding increase in earmarked reserves. The change is a technical one, whereby holding all the Authority's Covid resources in one place will allow for the more efficient use and monitoring. The resource, funded from Government grant, will be drawn down from the earmarked reserve into the Authority's budget as 2021/22 Covid commitments crystallise.
- 3.3. The other adjustments are due to realignment of responsibilities flowing from the ongoing organisational redesign and realignment of temporary budget allocations funding project delivery. These adjustments are between services and do not impact on the net bottom line. The changes are listed in **Appendix N**, by Service.
- 3.4. There are likely to be further transfers of staffing and resourcing during 2021/22 as the remaining services complete their organisation service redesign. These will be reported to Cabinet as part of the quarterly financial monitoring reports.

#### **Capital**

- 3.5. A review of the capital project phasing took place in February 2021. This identified a number of Highways projects which, given the extension of the Covid lockdown, no longer expected to catch up for 2020/21 Covid delays and complete originally planned 2021/22 work over the next 12 months. Realistic delivery plans have been agreed, resulting in £36.8m being rephased to later financial years. The schemes impacted are listed in Table 2.
- 3.6. The rephasing does not create an increase in the overall capital programme. In terms of financing the rephasing of spend into later years also defers the timing of when the Authority will need to take out additional borrowing.

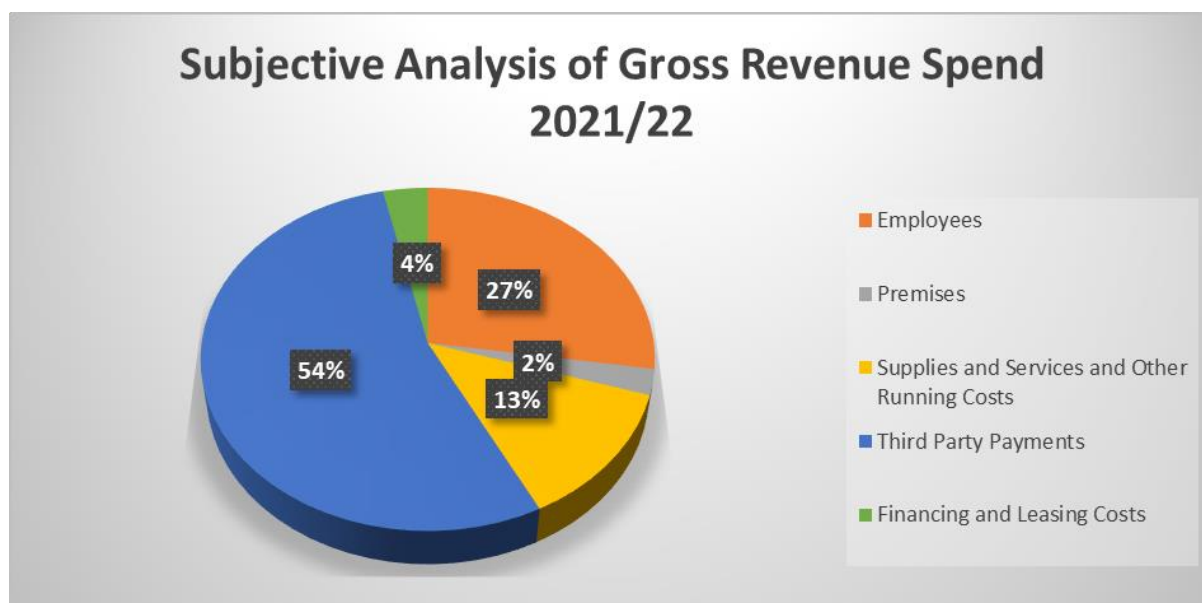
**Table 2 – Capital programme plans re-phased to future years**

Description	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m	£m	£m
<b>Environment Services</b>						
A444 Corridor Improvements - phase 2	-	(1.500)	1.480	0.020	-	-
A3400 Birmingham Road, Stratford - corridor improvements	-	(4.000)	4.000	-	-	-
A46 Stoneleigh - junction Improvement	(3.737)	-	3.737	-	-	-
A452 Myton Road and Shire Park roundabouts	-	(3.500)	2.700	0.800	-	-
<b>Strategy and Commissioning – Communities</b>						
Nuneaton to Coventry cycle route	-	(0.944)	0.944	-	-	-
A452 Kenilworth to Leamington cycle route	-	(1.900)	0.173	1.727	-	-
Transforming Nuneaton – highways	-	(21.204)	4.500	8.204	5.500	3.000
<b>Total change in programme</b>	<b>(3.737)</b>	<b>(33.048)</b>	<b>17.534</b>	<b>10.751</b>	<b>5.500</b>	<b>3.000</b>

#### 4. Type of Spend

- 4.1. Our spending on services funded from council tax (including the Adult Social Care Precept), Business Rates and reserves in 2021/22 is planned to be £386.0 million. However, this net figure includes £299.5 million of income. Of this, £189.5 million is from government grants. The remaining £110.0 million comes mainly from other grants and contributions, fees and charges, and interest.
- 4.2. The planned gross revenue spend of the authority on services in 2021/22 is £685.5 million. This compares to a gross spend figure of £672.3 million in 2020/21. The main reasons for the increase of £13.2 million are funding for inflation and additional spending pressures allocated to services at February budget being greater than the requirement to deliver savings.
- 4.3. Chart 1 shows a breakdown of the gross revenue budget by type of expenditure (excluding schools). It shows that 54% of the Authority's planned spend on services is commissioned from third parties. This is 2% higher than the proportion last year and reflects a continuation of the trend from previous years. The reason for the continued growth in spend on externally commissioned services is the continued growth, in both absolute and relative terms compared to other services, in the cost of adults and children's social care and support where more provision is commissioned externally.

**Chart 1: Subjective Analysis of Gross Revenue Spend**



4.4. Table 2 shows the change in the type of expenditure budgeted between 2020/21 and 2021/22.

**Table 3: How spending has changed by % of gross budget**

Expenditure type	2020/21 %	2021/22 %
Employees	26	27
Premises	3	2
Supplies and Services and Other Running Costs	15	13
Third Party Payments	52	54
Financing and Leasing Costs	4	3
<b>Total</b>	<b>100</b>	<b>100</b>

## 5. Financial Implications

5.1. There are no direct financial implications for the Authority arising from the report. It provides the baseline from which financial performance in 2021/22 will be monitored and assessed.

## 6. Environmental Implications

6.1. None.

## 7. Background Papers

7.1. None.

## 8. Appendices

Appendix A Environment Services  
Appendix B1 Education Services - DSG  
Appendix B2 Education Services – Non-DSG  
Appendix C Fire and Rescue Service  
Appendix D Strategic Commissioning - Communities  
Appendix E Adult Social Care  
Appendix F Children and Families  
Appendix G Strategic Commissioning - People  
Appendix H Business and Customer Services  
Appendix I Commissioning Support Unit  
Appendix J Enabling Services  
Appendix K Finance  
Appendix L Governance and Policy  
Appendix M Corporate Services and Resourcing  
Appendix N Adjustments between Council and Service Estimates

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No Elected Members have been consulted in the preparation of this report.