

Cabinet

12 April 2022

Service Estimates 2022/23

Recommendation(s)

That Cabinet:

1. 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
2. Notes and endorses the adjustments to service revenue budget following the realignment of budgets within and between directorates since the budget was set on 8 February 2022, as outlined in Section 3 and Appendix N.

1. Executive Summary

- 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 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 2022 agreed the financial plan for the authority for 2022/23, 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 2022/23 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 used as intended when the Council's overall budget was approved on 8 February 2022. It is also important, to provide effective financial governance, 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 for services

since the budget was agreed, as a result of the ongoing change activity 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 2022/23. The planned revenue spend of the Council in 2022/23 is £359.8m. This is net of the £10.2m budget reductions (savings) required for the overall budget to remain balanced.

- 2.2 The planned capital spend for the year is £250.1m, although £34.6m of this relates to s278 developer funded highways schemes where the timing of any spend is more uncertain. There is £30.6m of Capital Investment Fund resource available for allocation to projects.

Table 1: Summary of 2022/23 Spending Power and Savings Plans by Service

App.	Service	Net Revenue Budget £m	Savings Plan (part of Net Revenue Budget) £m	Capital Budget £m
	Communities Directorate			
A	Environment Services	25.143	(1.286)	93.393
B1 & B2	Education Services	131.890	(0.572)	45.377
C	Fire and Rescue	22.691	(0.043)	3.793
D	Strategic Commissioner for Communities	24.328	(0.778)	19.607
	People Directorate			
E	Adult Social Care	182.814	(3.519)	0.000
F	Children and Families	77.350	(0.521)	0.256
G	Strategic Commissioner for People	36.069	(0.313)	0.050
	Resources Directorate			
H	Business and Customer Services	18.188	(0.540)	1.209
I	Commissioning Support Unit	5.449	(0.044)	0.000
J	Enabling Services	25.383	(2.055)	16.076
K	Finance	5.551	(0.079)	0.000
L	Governance and Policy	2.910	(0.138)	2.670

B1 & M	Corporate Services and Resourcing	(197.964)	(0.356)	67.684
	Total	359.802	(10.244)	250.115

- 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 2022/23 since the budget was approved on 8 February 2022.

Revenue

- 3.2 The Council's planned 2022/23 net service expenditure has reduced by £0.189m compared to the budget approved by Council. This relates to the following three adjustments:
- The movement of the £1.300m approved to reset the Insurance Fund to the reserve held for this purpose;
 - The transfer of £1.070m from the Dedicated Schools Grant (DSG) Growth Fund reserve, to meet the increased cost resulting from changes to the planned opening of a new school; and
 - The transfer of £0.041m from the Available for Use Reserve previously approved for Education, to support the delivery of the Warwickshire Statement of Action (WSOA) following the joint area SEND inspection.

All these adjustments are offset by a corresponding movement in the Council's reserves.

- 3.3 The other adjustments to Service budgets since February 2022 are to reflect the realignment of responsibilities as a result of the ongoing organisational redesign and the allocation funds to support the delivery of projects approved through the agreed governance arrangements. 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 Within these adjustments there has been one material structural change of £14.4m. This reflects the transfer of the Children with Disabilities service from Communities Directorate (Education Services) to People Directorate (Adult Social Care), from 1 April 2022. Consultation is not required for the movement of staff as this is effectively a change of line management.

Capital

- 3.5 A review of the capital programme phasing for 2022/23 will start following the 2021/22 outturn position. 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 when the Authority will need to take out additional borrowing.

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 2022/2 is planned to be £433.4m. However, this net figure includes £310.3m of income. Of this, £186.6m is from government grants, with the remaining £123.7m mainly from other grants and contributions, fees and charges, and interest.
- 4.2 The planned gross revenue spend of the authority on services in 2022/23 is therefore £743.7m. This compares to a gross spend figure of £685.5m in 2021/22. The main reasons for the increase of £58.2m is the funding for inflation and additional spending pressures allocated to services in the February budget.
- 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 the same proportion as last year and shows the continued spend on externally commissioned services, specifically in the cost of adults and children's social care and support where 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 2021/22 and 2022/23.

Table 2: How spending has changed by % of gross budget

Expenditure type	2021/22 %	2022/23 %
Employees	27	29
Premises	2	2
Supplies and Services and Other Running Costs	13	13
Third Party Payments	54	54
Financing and Leasing Costs	4	2
Total	100	100

5. Financial Implications

5.1 There are no direct financial implications for the Council that are not covered within the body of the report. It provides the baseline from which financial performance in 2022/23 will be monitored and assessed.

6. Environmental Implications

6.1 None

7. Supporting Information

7.1 None

8. Timescales associated with the decision and next steps

8.1 The revenue budget allocations, saving plans and capital allocations will form the baseline for the monitoring of financial performance for 2022/23. The monitoring report covering the first quarter of the financial year will be presented to Cabinet in September 2022.

Appendices

1. Appendix A Environment Services
2. Appendix B1 Education Services - DSG
3. Appendix B2 Education Services – Non-DSG
4. Appendix C Fire and Rescue Service
5. Appendix D Strategic Commissioning - Communities
6. Appendix E Adult Social Care
7. Appendix F Children and Families
8. Appendix G Strategic Commissioning - People
9. Appendix H Business and Customer Services
10. Appendix I Commissioning Support Unit
11. Appendix J Enabling Services
12. Appendix K Finance
13. Appendix L Governance and Policy
14. Appendix M Corporate Services and Resourcing
15. Appendix N Adjustments between Council and Service Estimates

Background Papers

1. None

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