

# Cabinet

18 April 2023

## Service Estimates 2023/24

### Recommendations

That Cabinet:

- 1) Approve the detailed revenue budget, savings plan, and capital programme for each of the Authority's services set out in Appendices A to M;
- 2) Note the adjustments to service revenue budget following the realignment of budgets within and between directorates since the budget was set on 7 February 2023, as outlined in Section 3 and Appendix N;
- 3) Approve the net transfer of £1.855m to reserves as outlined in Section 3 paragraph 2; and
- 4) Endorse the draw down of £0.375m from the Better Care Fund Development reserve detailed within Recommendation 3, as this was unintentionally omitted from the Improved Better Care Fund 2023/24 Report presented to Cabinet on the 16 March 2023.

### 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 these funds are used effectively, financial responsibilities are delegated to the most appropriate level.
- 1.2. The Council budget setting meeting on the 7 February 2023 agreed the financial plan for the authority for 2023/24, 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 2023/24 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 7 February 2023. 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 2023/24. The planned revenue spend of the Council in 2022/23 is £378.8m. This is net of the £15.2m budget reductions (savings) required for the overall budget to remain balanced.

**Table 1: Summary of 2023/24 Spending Power and Savings Plans by Service**

App.	Service	Net Revenue Budget £m	Savings Plan (part of Net Revenue Budget) £m	Capital Budget £m
<b>Communities Directorate</b>				
A	Environment Services	60.430	(1.119)	103.063
B	Fire and Rescue	22.997	(0.050)	3.898
C	Strategic Commissioner for Communities	24.142	(1.294)	13.472
<b>People Directorate</b>				
D	Social Care and Support	203.780	(6.269)	0.313
E	Children and Families	81.703	(2.814)	0.801
F	Strategic Commissioner for People	35.634	(0.551)	0.721
G	Education Services	124.210	(0.209)	109.988
<b>Resources Directorate</b>				
H	Business and Customer Services	19.675	(0.546)	0.591
I	Commissioning Support Unit	5.618	(0.234)	0.000
J	Enabling Services	24.602	(0.666)	14.642
K	Finance	6.081	(0.121)	0.000
L	Governance and Policy	2.901	(0.325)	3.587
G1 &M	Corporate Services and Resourcing	(232.903)	(0.960)	65.869
<b>Total</b>		<b>378.871</b>	<b>(15.158)</b>	<b>316.945</b>

- 2.2. The planned capital spend for the year is £316.9m, although £32.2m of this relates to s278 developer funded highways schemes where the timing of any spend is more uncertain. There is £15.8m of Capital Investment Fund resource available for allocation to specific schemes, in line with our priorities

and £4.4m in the Capital Maintenance Inflation Contingency fund, to meet the impact of exceptional inflationary costs on the approved programme. In addition, there is £39.7m for Warwickshire Property Development Group (WPDG) and the Recovery and Investment Fund (WRIF), as well as £25m of Education Basic/High need funding available for allocation.

- 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 2023/24 since the budget was approved on 7 February 2023 and are recommended by Corporate Board.

#### **Revenue**

- 3.2. The Council's planned 2023/24 net revenue service expenditure has reduced by £1.855m compared to the budget approved by Council. This relates to the following three adjustments:

- The transfer of £2.3m approved for winter pressures from Social Care and Support to the reserve will be held for this purpose and drawn down in year when required;
- The transfer of £0.375m from the Better Care Fund (BCF) Development Fund reserve to Social Care and Support will be used to fund stabilise and strengthen the provider market project as agreed with the Integrated Care Board (ICB) and is part of the Improved Better Care Fund Plan for 2023/24; and
- The transfer of £0.07m from the Schools in Financial Difficulty Reserve to Finance as per previous years, will be used to provide capacity in the Education finance team to continue to support schools in financial difficulty.

The adjustments above are offset by a corresponding movement in the Council's reserves.

- 3.3. The other adjustments to Service budgets since February 2023 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.

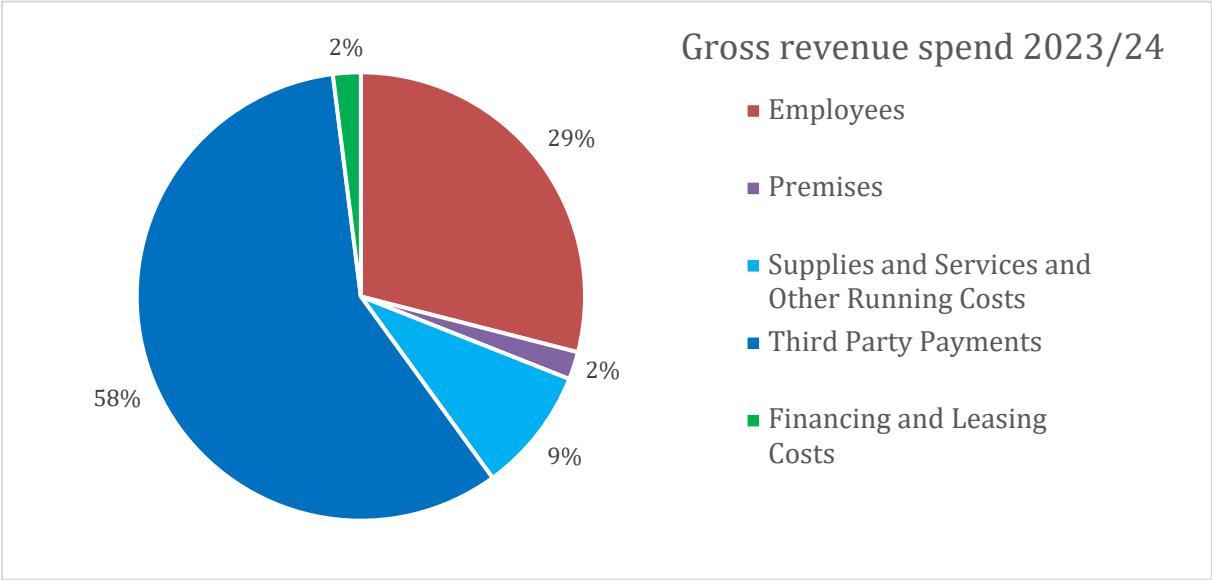
#### **Capital**

- 3.4. A review of the capital programme phasing for 2023/24 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 2023/24 is planned to be £459.7m. However, this net figure includes £359.3m of income. Of this, £208.9m is from government grants, with the remaining £150.4m mainly from other grants and contributions, fees and charges, and interest.
- 4.2. The planned gross revenue spend of the authority on services in 2023/24 is therefore £819.0m. This compares to a gross spend figure of £743.7m in 2022/23. The main reasons for the increase of £75.3m is the funding for inflation and additional spending pressures allocated to services in the February budget, and reflects the increased demand for our services.
- 4.3. Chart 1 shows a breakdown of the gross revenue budget by type of expenditure (excluding schools). It shows that 58% of the Authority's planned spend on services is commissioned from third parties, this is 4% higher than 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 2022/23 and 2023/24.

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

<b>Expenditure type</b>	<b>2022/23 %</b>	<b>2023/24 %</b>
Employees	29	29
Premises	2	2
Supplies and Services and Other Running Costs	13	9
Third Party Payments	54	58
Financing and Leasing Costs	2	2
<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 2023/24 will be monitored and assessed.

## **6. Environmental Implications**

- 6.1. There are no environmental implications arising directly from this report.

## **7. Background Papers**

None.

## **8. Appendices**

- Appendix A Environment Services
- Appendix B Fire and Rescue Service
- Appendix C Strategic Commissioning - Communities
- Appendix D Adult Social Care
- Appendix E Children and Families
- Appendix F Strategic Commissioning – People
- Appendix G1 Education Services - DSG
- Appendix G2 Education Services – Non-DSG
- 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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