

# Cabinet

30 January 2020

## 2019/20 Financial Monitoring as at the end of December 2019 – Capital and Revenue

### Recommendations

Cabinet is recommended to:

- a) Note the forecast underspend of £9.118m for the 2019/20 financial year on the Council's revenue budget.
- b) Note the forecast underspend on the 2019/20 capital programme of £14.580m.
- c) Approve the carry forward of the underspend on the capital programme of (£14.685m) in 2020/21 and future years and the changes totalling £0.105m to the cost and funding of schemes detailed in the report and Annexes A to M.

### 1. Purpose of the Report

- 1.1. This report outlines forecast financial position of the organisation at the end of 2019/20 based on the information known at the end of the third quarter. The report sets out the position for both revenue and capital and provides an analysis of the variances, both under and over spending.

### 2. Financial Overview - Revenue

- 2.1. The forecast outturn position is set out in the table below and shows a total forecast underspend of £9.118m, representing 3.0% of the Council's net revenue budget.
- 2.2. We are now three-quarters of the way through the financial year and the key messages are beginning to stabilise. Members need to take any impact in future years into account as part of setting the 2020/21 budget and 2020-25 Medium Term Financial Strategy (MTFS). This is the last report to Members on the current year's financial position until after the end of the financial year.
- 2.3. Whilst the overall position is an underspend, there are some areas that are continuing to forecast an overspend, primarily due to increasing demand for services. These have been reviewed by Corporate Board and continue to be

subject to on-going monitoring to ensure mitigating actions are in place to minimise the likelihood of the position recurring in future years.

Directorate	Approved Budget £m	Forecast Outturn £m	Forecast Over/(Under) Spend £m
Communities	178.274	187.360	9.084
People	237.206	236.046	(1.160)
Resources	49.948	47.241	(2.707)
Corporate Services and Resources	(161.304)	(175.639)	(14.335)
<b>Total</b>	<b>304.124</b>	<b>295.008</b>	<b>(9.118)</b>

- 2.4. Further detail on the cost pressures are set out later in the report. **Annexes A to M** outline the reasons for all material variations between the forecast spending and the budget. These annexes are available electronically.
- 2.5. The forecast underspend reported to Cabinet in November was £1.829m. The position reported here is an increased underspend of £7.289m. During 2019/20 Services have made a concerted effort to ensure forecasts are robust and reflect the likely end-of-year position at the earliest opportunity. This approach will mean Members can take the impact in future years into account as part of budget setting and avoid the significant change between Quarter 3 and the outturn position experienced in previous years.
- 2.6. Progress on moving to a clearer and simpler financial framework and culture of disciplined financial management will continue in 2020/21. This will extend to providing greater visibility as part of continuing the budget right-sizing work.
- 2.7. The reasons for the variation between forecast spend and the budget are detailed in Section 3. The impact of this increased underspend on the budget proposals for 2020/21 is included as part of the budget update report elsewhere on today's agenda.

### 3. Detailed Analysis - Revenue

#### 3.1. COMMUNITIES DIRECTORATE - Forecast Overspend £9.084m

Service	Approved Budget £m	Forecast Outturn £m	Forecast Over/(Under) Spend £m
Education Services	110.657	119.821	9.162
Environment Services	24.134	23.050	(1.084)
Fire and Rescue	20.323	20.724	0.401
Strategic Commissioner for Communities	23.160	23.765	0.605
<b>Total</b>	<b>178.274</b>	<b>187.360</b>	<b>9.084</b>

3.1.1. The Communities Directorate is forecast to overspend by £9.084m. This is an increase of £0.679m in the forecast overspend compared to the position reported at Quarter 2. The reasons for the overspend are as follows:

#### **Education Services (£9.162m overspend)**

3.1.2 The forecast overspend on Education Services (£9.162m) is as a result of increased demand and costs for high needs placements (£4.714m DSG), children at risk of exclusion (£0.527m DSG), agency placements for children with disabilities (£2.504m), and home to school transport mainstream and SEN (£1.720m), offset by some underspends in other areas.

The increases in demand for Education Services are largely due to the requirement to fund the education needs of young people up to age 25 with special educational needs and disabilities (SEND), increased numbers of children with Education, Health and Care (EHC) plans, and more complex needs of children in agency placements. There has been a recent increase in the costs of emergency specialist social care agency staff employed to support some highly vulnerable and challenging young people as part of agreed and necessary packages.

£5.040m of the Education Service forecast overspend is in relation to services funded from the Dedicated Schools Grant (DSG). The DfE requires all local authorities to complete a recovery plan should the overspend on the DSG exceed 1%. The Council's current forecast for the DSG overall is £5.152m (some DSG is held in Resources) which at 1.21% overspend exceeds the 1% threshold set by the DfE and means the Council would need to submit a recovery plan to the DfE in June 2020.

Both the DSG and the core revenue budget overspends are a continuation of demand increases experienced in 2018/19. The Directorate has insufficient reserves to meet this overspend and therefore corporate funding will be required. The need for corporate funding has been incorporated into the development of the 2020/21 budget proposals.

### **Environment Services (£1.084m underspend)**

3.1.3 Environment Services has a forecast underspend of £1.084m. The main variances leading to this forecast underspend are:

- A forecast overspend of £0.159m as a result of additional staffing capacity in the Gypsy and Traveller service to increase site visits in order to improve conditions;
- A forecast underspend of £0.105m in the Forestry Service. This relates to in-year salary savings and reducing the use of external contractors;
- A forecast overspend of £0.626m in County Fleet Management (CFM) due to reduced income levels and one-off expenditure related to Hawkes Point. Work is being carried to review the long-term plans for CFM and the impact on income in future years;
- Lower than anticipated costs for Concessionary Travel of £0.414m due to lower take up of free/renewal bus passes than expected;
- An underspend of £0.389m due to a delay in commencing new Community Transport schemes as a result of the time taken to decide and agree on the strategic direction of the routes. The pilot schemes began this month; and
- Higher than anticipated income in Network Management of £0.856m.

### **Strategic Commissioning for Communities (£0.605m overspend)**

3.1.4 Strategic Commissioning for Communities has a forecast overspend of £0.605m. This is largely due to the following:

- Parking Management – an under-recovery of income of £0.427m due to the delayed decision on parking charges;
- Strategic Economic Development – An in-year underspend of £0.122m as a result of reprofiling of work. As this involved other partners and businesses the funding will need to be carried forward into the next financial year so that the work can be completed; and
- Business Centres – An overspend of £0.236m as a result of additional maintenance and refurbishment work to improve the Elliot Park Business Centre, as well as slightly lower than anticipated income from business centres.

### **Fire and Rescue (£0.401m overspend)**

3.1.5 The Fire and Rescue Service has a forecast overspend of £0.401m. This is a combination of the planned spend on training (£0.216m) related to firefighter

recruitment and a forecast overspend on staffing (£0.148m) as a result of the additional capacity required in order to maintain crewing levels whilst new recruits are in training, and to ensure business continuity during periods of long-term sickness absence.

### 3.2. PEOPLE DIRECTORATE - Forecast Underspend £1.160m

Service	Approved Budget £m	Forecast Outturn £m	Forecast Over/(Under) Spend £m
Adult Social Care	148.739	146.975	(1.763)
Children and Families	54.510	55.602	1.092
Strategic Commissioner for People	33.957	33.469	(0.489)
<b>Total</b>	<b>237.206</b>	<b>236.046</b>	<b>(1.160)</b>

3.2.1. The People Directorate is forecast to underspend by £1.160m. This is an increased underspend of £0.616m from the position reported at Quarter 2. The main reasons for the underspend are:

#### **Children and Families (£1.092m overspend)**

3.2.2 The forecast overspend of £1.092m is dampened by the impact of one-off funding in the current financial year, as well as some underspends against earmarked funds which will need to be set aside, as part of year end outturn, to complete projects in future years. Without these the service has an underlying overspend of £3.832m.

3.2.3 The main areas of overspending are:

- Children in Care Placements - The forecast overspend has increased to £5.205m and is due to reduced placement costs covering residential placements being more than offset by increased costs for external and internal foster-care placements. The forecast number of placement weeks to be purchased is higher than the actual number purchased in 2018/19 (by 242 weeks) but, more significantly, unit costs are rising as a result of increasing numbers of more costly residential and external foster-care packages; and
- Leaving Care Accommodation packages – a forecast overspend of £0.615m due to 18 new packages as well as the increased cost of packages overall.

3.2.4 The Children and Families overspends are offset by underspends elsewhere within the service:

- Priority Families (£0.110m) due to staff vacancies and additional payments-by-result grant;
- Adoption Central England (ACE) across the Partnership (£0.719m). As this is a pooled funding arrangement the funds will be carried forward to the next financial year; and
- Salary underspends within the Service, mainly due to social worker vacancies and the full year effect of staff budget rationalisation following the Service re-design.

### **Adult Social Care (£1.763m underspend)**

3.2.5 Adult Social Care is forecast to underspend by £1.763m. The main variations are:

- Learning Disability Supported Living is forecasting a £1.8m overspend with Learning Disability Residential forecasting an offsetting £0.8m underspend. This demonstrates that increased placements are being made in Supported Living, which is community-based care, and therefore is in line with national and local strategy;
- Older People Residential and Nursing is forecasting a £2.6m overspend;
- Underspends on Reablement, Hospital Team and Assistive Technology budgets of £1.3m;
- Older People Direct Payments budget is underspending by £0.4m, reflecting a slower uptake than anticipated;
- Mental Health support for people aged over 65 is overspending by £1.8m;
- Over-recovery of client contribution income compared to budgeted: (£0.3m for younger adults and £3.5m for Older people). This reflects income from national charging allowances and adopting a low risk approach to the level of potential income when setting the budget last year; and
- An underspend from delayed and unspent project funds of £1.6m.

### **Strategic Commissioner for People (£0.489m underspend)**

3.2.6 The forecast underspend is the result of Commissioning staff underspends offset by forecasted increased expenditure in Public Health staffing costs and increased spend on the demand driven Drug and Alcohol service. The latter is a result of increasing demand for detox/inpatient and prescribing services. There is also a £0.200m underspend on the continued development of the services ICT systems, as spend is now expected to be incurred in 2020/21.

### 3.3. RESOURCES DIRECTORATE - Forecast Underspend £2.707m

Service	Approved Budget £m	Forecast Outturn £m	Forecast Over/ (Under) Spend £m
Business and Customer Support	19.047	18.448	(0.599)
Commissioning Support Unit	3.073	2.548	(0.526)
Enabling Services	20.939	19.462	(1.477)
Finance	4.550	4.371	(0.178)
Governance and Policy	2.339	2.413	0.073
<b>Total</b>	<b>49.948</b>	<b>47.241</b>	<b>(2.707)</b>

3.3.1. The Resources Directorate is forecast to underspend by £2.707m. This is an increased underspend of £1.944m from the position reported at Quarter 2. The main variations are as follows:

#### **Business and Customer Services (£0.599m underspend)**

3.3.2 The Business and Customer Services underspend consists of a £0.198m forecast underspend in grants to be paid out for Third Sector Support pending the introduction of the Voluntary and Community Sector Strategy 2020-25 approved by Cabinet in September. A further £0.150m relates to funding from the Early Intervention, Prevention and Community Capacity Fund for projects which will continue into 2020/21. The remaining underspend mainly relates to vacancies held pending the implementation of the Business Support operating model.

#### **Commissioning Support Unit (£0.526m underspend)**

3.3.3 The forecast underspend of £0.526m is predominantly due to vacancies being held pending the outcome of the service redesign and a reduction in agency spend.

#### **Enabling Services (£1.477m underspend)**

3.3.4 The forecast underspend of £1.477m is mainly due to:

- Not fully utilising all of the Services ICT project resources in the current year (£0.692m);
- Vacancies across the service, but primarily within ICT and Facilities Management (£0.435m); and
- Lower than budgeted maintenance and running costs of County buildings (£0.182m).
- Other minor variations (£0.168m)

### **Finance (£0.178m underspend)**

- 3.3.5 The forecast underspend of £0.178m is due to reduced staff costs due to vacancies and an increased recharge for services provided to the Pension Fund.

### **Governance & Policy (£0.073m overspend)**

- 3.3.6 The forecast overspend has reduced since Quarter 2 mainly due to the revenue contribution of £0.997m towards the Montague Road capital project no longer being required. The residual overspend is attributable to the unachieved revenue benefit to the Service planned to be achieved by disposing of buildings, partially offset by increased income expectations for Legal Services.

## **3.4 CORPORATE SERVICES AND RESOURCES - Forecast Underspend £14.335m**

Service	Approved Budget £m	Forecast Outturn £m	Forecast Over/ (Under) Spend £m
Government Grants and Business Rates	(129.000)	(132.371)	(3.371)
Central Block DSG and other grants to support schools and pupils	(81.129)	(81.129)	-
Capital Financing Costs	40.224	29.438	(10.786)
Other corporate costs	8.601	8.423	(0.178)
<b>Total</b>	<b>(161.304)</b>	<b>(175.639)</b>	<b>(14.335)</b>

- 3.4.3 Corporate Services and Resources are forecast to underspend by £14.335m. The forecast underspend has increased by £5.409m from the position reported at Quarter 2. There are three material underspends that are driving this position, these are:

- Additional business rates income and compensatory government grants to offset the impact of changes to exemptions and discounts not known at the time the budget was set (£3.371m);
- Lower capital financing costs than provided for in the budget (£10.786m) as a result of:
  - Slippage in the capital programme and the level of the unallocated Capital Investment Fund requiring no additional borrowing to be taken out (£8.9m);
  - Reduced principal repayments on our debt outstanding (£1.4m);
  - Income earned from investing our cash balances (£0.5m); and
- Lower spend in 2019/20 on children's transformation (2.599m), with the bulk of the programme of activity now planned over the next two years as



the funding is supplemented by additional funding from the Department for Education and additional one-off grant announced as part of the 2020/21 provisional Local Government Settlement.

3.4.4 These forecast underspends are partially offset by £0.960m of redundancy and pension strain costs as a result of the restructuring of services and £0.169m of funding for services to work with schools in financial difficulty that were not planned at the start of the year. Both areas of overspend are covered by risk reserves specifically set up to meet these costs.

## 4 Delivery of the Savings Plan

4.1 Planned savings of £14.221m are included within the 2019/20 revenue budget. Five Services are presently forecasting that they will not meet their 2019/20 savings targets, with the overall shortfall expected to be £3.760m. These shortfalls are already reflected in the revenue monitoring position set out in Section 3 and whilst they do not impact further on the monitoring position, it is important that there remains a focus on savings targets and whether these are being achieved or not. A summary, highlighting those Services where the savings plan is currently not forecast to be fully delivered in 2019/20, is set out in the table below.

Service	2019/20 Savings £m	Forecast to be achieved £m	Commentary
Strategic Commissioner for Communities	1.141	0.773	Shortfall of £0.368m relating to the delay in introducing a new charging schedule for parking permits while a public consultation took place.
Children and Families	4.930	2.020	Shortfall £2.910m as follows: <ul style="list-style-type: none"> <li>Boarding services (£0.150m delay); and</li> <li>Placement costs for Children looked After (£2.760m where the number of purchased weeks and cost of these weeks have both risen. This is the most significant element of the service's overall overspend.</li> </ul>
Strategic Commissioner for People	2.820	2.625	There is a net shortfall of £0.195m. £0.536m is a shortfall arising from the increase in demand-led prescribing costs for the Drugs and Alcohol Service giving rise to concerns about the feasibility of the savings target. This is presently offset by savings from staffing and overheads which is exceeding its target by £0.341m.
Environment Services	0.605	0.580	Shortfall of £0.025m which relates to the delay in the move to Hawkes Point from Montague Road.
Governance & Policy	0.886	0.624	Shortfall £0.262m caused by the delay in the generating the capital receipt from the sale of Montague Road.
All other services	3.839	3.839	
<b>Total</b>	<b>14.221</b>	<b>10.461</b>	

- 4.2 Where shortfalls in the delivery of savings are being forecast, most are the result of delays in implementation resulting in only a part-year benefit in 2019/20. Most are forecasting to deliver the full saving in 2020/21. The exception to this is the shortfall in Children and Families. This is the most significant element of the Service's overall overspend and the shortfall in the delivery of savings is reflected in the proposed budget allocations included in the 2020/21 Budget report to December's Cabinet. There remains some residual risk in relation to delivering increased income from car parking. The income from car parking will be closely monitored in 2020/21 and alternative proposals brought forward if any forecast shortfall emerges.

## **5 Reserves**

- 5.1 At the end of 2018/19 the Council's reserves were £158.974m. At Quarter 1 Cabinet approved the following transfers:
- Education Services (£0.223m) to support the SEND demand management programme in 2019/20;
  - Business & Customer Support Services (£0.085m) to complete the Warwickshire Bytes project; and
  - Adult Social Care £3.000m transfer into reserves.
- 5.2 As a result of these contributions to and from reserves, the reserves are forecast to increase to £170.784m at the end of the financial year.
- 5.3 One third of reserves are held for specific purposes and cannot be used to support the budget more generally. The remaining reserves are held to manage known financial risks, to cash-flow timing differences between when spend is incurred and savings are delivered or for specific investment in projects. Financially this continues to place us in a healthy position to address the financial challenges facing the authority as a result of the current levels of uncertainty about future local government funding and the demand-led pressures that will need to be managed as part of developing a financially sustainable 2020-25 Council Plan.

## **6 Capital Programme**

- 6.1 The Council's approved capital programme for 2019/20 as a result of the decisions made by Cabinet in September was £158.323m, excluding the Capital Investment Fund (CIF). Since then additional schemes have been added to the capital programme in accordance with the Council's approved capital strategy.

6.2 New schemes added to the capital programme budget this quarter which have previously been approved include:

- Cycle Routes (CIF)
- Average Speed Cameras (CIF)
- Casualty Reduction Schemes (CIF)
- WFRS Emergency Services Network Preparedness (CIF)
- Newdigate Primary School – Expansion
- New School at The Gateway, Rugby

6.3 The net impact of these changes has been to increase the approved capital programme budget for 2019/20 by £0.236m to £158.559m. The rest of the spend on these schemes (£7.652m) will be incurred in future years.

6.4 The overall delivery of the capital programme at Quarter 3 is forecast to be £143.979m which is £14.580m (9%) lower than planned. This is largely as a result of changes to the phasing of projects such that spending will now be incurred in future years. The total net increase in the forecast capital programme is £15.152m, this is largely due to new s.278 developer funded schemes being added to the capital programme in future years. The latest position is summarised by service in the table below:

	2019/20 Approved Budget £m	2019/20 Forecast £m	2019/20 Variance £m	2020/21 to 2023/24 Approved Budget £m	2020/21 to 2023/24 Forecast £m	2020/21 to 2023/24 Variance £m	Total Variance £m
Adult Social Care	2.100	2.100	0.000	1.563	1.563	0.000	0.000
Children and Families	0.547	0.528	-0.019	0.157	0.157	0.000	-0.019
People	5.576	5.356	-0.220	0.603	0.823	0.220	0.000
<b>People</b>	<b>8.223</b>	<b>7.984</b>	<b>-0.239</b>	<b>2.323</b>	<b>2.543</b>	<b>0.220</b>	<b>-0.019</b>
Communities	18.594	16.947	-1.647	23.271	25.595	2.324	0.677
Education Services	34.009	31.674	-2.335	9.407	11.653	2.246	-0.089
Environment Services	68.022	58.794	-9.228	67.170	92.498	25.328	16.100
Fire and Rescue	2.698	2.659	-0.039	5.583	5.622	0.039	0.000
<b>Communities</b>	<b>123.323</b>	<b>110.074</b>	<b>-13.249</b>	<b>105.431</b>	<b>135.368</b>	<b>29.937</b>	<b>16.688</b>
Business and Customer Support	0.115	0.190	0.075	1.942	1.867	-0.075	0
Enabling Services	19.061	19.046	-0.015	9.348	9.339	-0.009	-0.024
Governance & Policy	7.837	6.685	-1.152	2.484	2.143	-0.341	-1.493
<b>Resources</b>	<b>27.013</b>	<b>25.921</b>	<b>-1.092</b>	<b>13.774</b>	<b>13.349</b>	<b>-0.425</b>	<b>-1.517</b>
<b>Total</b>	<b>158.559</b>	<b>143.979</b>	<b>-14.580</b>	<b>121.528</b>	<b>151.260</b>	<b>29.732</b>	<b>15.152</b>

- 6.5 Adjusting for other forecasted increases in spend reported this quarter of £0.105m does not commit the Council to using additional corporate resources. Therefore, the total slippage compared to the approved budget is £14.685m (9.26%). £6.886m of this slippage is attributable to factors outside the Council's control relating to s.278 developer funded schemes. The main reasons for the remaining £7.800m slippage compared to the approved budget are:

**Environment Services (£2.765m)**

- £0.500m A46 Stanks Island. The scheme currently on site however slippage of approximately 2 months due to uncharted utilities found. The contractor is working to recover the programme.
- £0.220m A444 Corridor Improvements. Following the new scheme layout approval by the Project Board, a revision of the programme and a new cost estimate were carried out. This is reflected in the forecast.
- £1.862m A47 Hinckley Road Corridor. Junction improvements and cycle scheme design is presently under a Road Safety Audit with the expectation that the works will start July 2020.
- £0.183m other variations

**Education Services (£2.245m)**

- £0.850m Newdigate Primary School Expansion and Internal Refurbishment – Construction works start delayed whilst awaiting approval of additional funding of £475,600, approved by Cabinet in November 2019.
- £0.750m New School at the Gateway, Rugby. Slippage of £750,000 in 2019-20 is due to the delay of land transfer from the Developer.
- £0.442m Welcombe Hills School vehicle access alterations - Project delayed due to previous Sport England objections at pre-planning stage.
- £0.125m Kineton High School – Remaining funds to be re-profiled into 2020/21 pending decision on refurbishment.
- £0.079m other variations

**Fire & Rescue (£0.080m)**

- £0.080m slippage on equipment for new fire appliances. The delivery of new fire engines which will now take place in 2020/21, therefore there will be a delay in the purchase of the associated equipment.

### **Strategic Commissioner for Communities (£2.490m)**

- £0.287m land at Crick Road, Rugby. Land negotiations are not as advanced as originally programmed. Changes have been made to the planning application which has delayed this aspect of the work.
- £0.88m Kenilworth Station. Adjudication has not crystallised in 2019/20.
- £0.627m Bermuda Connectivity. An extended period of voluntary negotiations has delayed securing the parcels of land required to deliver the Scheme and support construction works. The knock-on effect is that procurement of the construction contract will not get underway until later in 2019-20 upon completion of the land arrangements, and subsequently, construction work will not commence until Spring 2020.
- £0.198m Home to School Transport Routes. Due to the large number of small schemes currently being undertaken in a short space of time to finalise the Home to School/ School Safety Zones schemes, some of the works won't be complete until the new financial year
- £0.170m Barford Safety Junction – Reprofiting of forecast spend into next financial year to align with project timeline, this was delayed due to the requirement for night time road closures.
- £0.327m other variations

### **Strategic Commissioner for People (£0.220m)**

- £0.180m slippage on the improvement work at Valley Road. This is due to evolving plans with the project now being considered as a wider project to address gaps in the market for specialised support. The initial plan to simply re-structure the building is now being developed into a larger project.
- £0.040m Client Information Systems Review, Detailed transformation requirements are subject to further exploratory action leading to the likelihood of investment required in 2020/21.

6.6 As part of developing the Medium Term Financial Strategy and associated capital strategy for Members' consideration, Corporate Board have been focussed on the actions needed to ensure a more timely delivery of the capital programme. Any emerging proposals will be brought forward to Members for consideration.

6.7 As well as approving the revised spending in the capital programme, the County Council must also ensure it has sufficient funding available to meet its capital payments in each financial year. The chart and the table below show how the

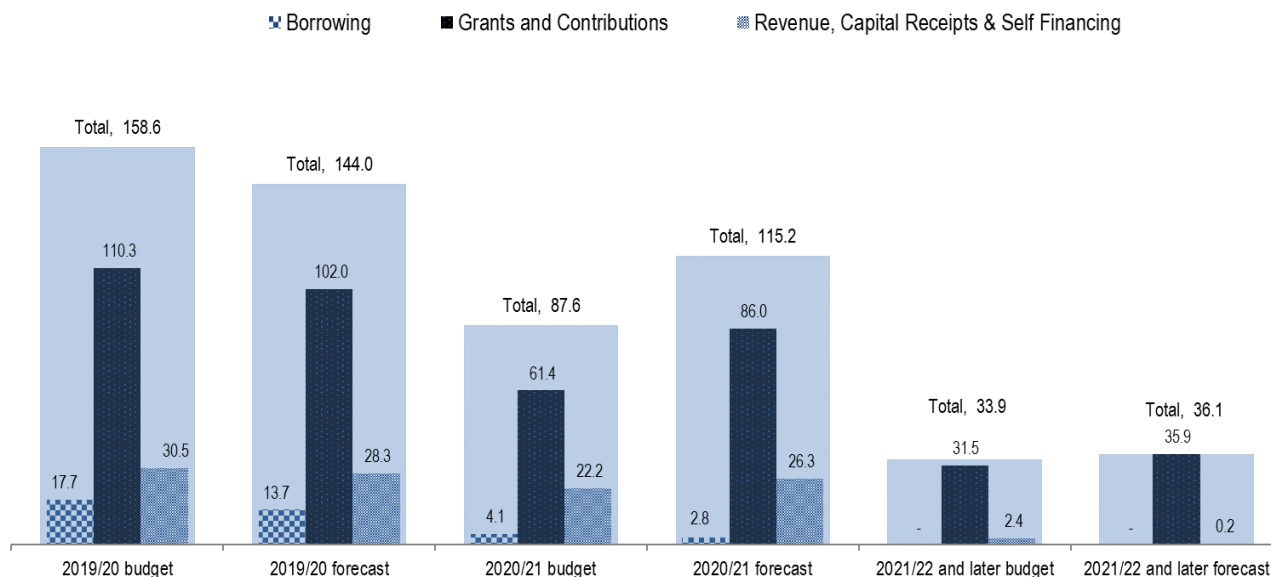
planned and forecast capital expenditure is to be financed. Later years will be updated as part of the development of the Council Plan 2025 and the Medium Term Financial Strategy. These figures exclude the remaining unallocated Capital Investment Fund.

	2019/20 budget £m	2019/20 forecast £m	2020/21 budget £m	2020/21 forecast £m	2021/22 and later budget £m	2021/22 and later forecast £m
Corporate Borrowing	17.733	13.713	4.056	2.835	0	0
Self-financed Borrowing	-1.499	-1.499	0.995	0.995	0	0
Grants and Contributions #	110.339	102.026	61.357	85.967	31.542	35.884
Capital Receipts	28.200	27.168	20.065	24.249	2.183	0
Revenue	3.786	2.571	1.138	1.138	0.192	0.192
<b>Total</b>	<b>158.559</b>	<b>143.979</b>	<b>87.611</b>	<b>115.184</b>	<b>33.917</b>	<b>36.076</b>

**Note:**

# The income from grants and contributions includes grants from Government and contributions from developers and other third parties.

**Estimated Financing to 2021/22 & Later Years (£m)**



6.8 The most significant variable in financing the capital expenditure is forecasting the timing of the delivery of capital receipts. Forecasts are determined by the Council's programme of disposals and subsequent income from capital receipts

is used to avoid the need to incur additional borrowing. £27.1m of capital receipts are currently being forecast to finance the 2019/20 capital programme. To date £18.3m receipts have been delivered with a further £8.9m still outstanding. Any shortfall in the level of expected receipts will require the Authority to borrow sooner than expected.

### **Variations**

- 6.9 The County Council's Financial Regulations require Cabinet to approve changes to schemes where the figures have a variance of more than 5% or are greater than £25,000 on any individual scheme. These schemes are included in all tables and figures within this report and are identified in the background Annexes, with reasons for the variations provided. All these changes are fully funded and do not require the use of any additional borrowing/receipts.

## **7 Financial Implications**

- 7.1 The report outlines the forecast financial performance of the authority for 2019/20. There are no additional financial implications to those detailed in the main body of the report. The key financial issue is the need for the MTFS to reflect the need to:
- Put sustainable solutions in place for those services reporting material demand-led overspends;
  - Ensure the ambitions of the capital strategy are supported by a stronger framework for delivery; and
  - Ensure that any plans developed to balance the budget going forward are robust so any decisions can be taken promptly.

## **8 Environmental Implications**

- 8.1 There are no specific environmental implications as a result of the information and decisions outlined in the report.

## **9 Background Papers**

- 9.1 None

	<b>Contact Information</b>
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No elected members have been consulted in the preparation of this report.