

Cabinet

11 April 2024

Service Estimates 2024/25

Recommendations

It is recommended that Cabinet:

- (i) Approve the detailed revenue budget, savings plan, and capital programme for each of the Authority's services set out in Appendices A to N;
- (ii) Approve the adjustments to service revenue budgets following the realignment of budgets within and between directorates since the budget was set on 8 February 2024, as outlined in Section 3 and Appendix O; and
- (iii) Approve the net transfer of £0.448m to reserves as outlined in Section 3 paragraph 2.

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 8 February 2024 agreed the financial plan for the authority for 2024/25, 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 2024/25 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 2024. 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 approve the changes to allocations for services since the budget was agreed, as a result of organisational changes 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.

- 1.5. It is important to note the significant financial pressures experienced during 2023/24, primarily affecting Special Educational Needs and Disabilities, Home to School Transport, Children and Families, and Social Care and Support. These have impacted all upper tier councils and are likely to impact the Council's financial position during 2024/25 and increase the need for agility in financial management during the year. Consistent with this, as part of the budget resolution, Council agreed the establishment of a Budget Delivery Oversight Group for the Executive to monitor budget delivery during the year.

2. Service Budgets

- 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 2024/25. The planned net revenue budget of the Council in 2024/25 is £397.477m. This is net of the £16.177m budget reductions (savings plans) required for the overall budget to remain balanced.
- 2.2. The planned capital spend for the year is £250.611m. This includes £29.442m of Capital Investment Fund resource available for allocation to specific schemes in 2024/25, in line with the priorities as set out in the Capital budget resolution. The capital budget also includes £7.716m in the Capital Maintenance Inflation Contingency fund, to meet the impact of exceptional inflationary costs on the approved programme. In addition, there is £35.726m for capital lending relating to the Warwickshire Property Development Group (WPDG) and the Warwickshire Investment Fund (WIF).
- 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 N**.

Table 1: Summary of 2024/25 Spending Power and Savings Plans by Service

App.	Service	Net Revenue Budget £m	Savings Plan (part of Net Revenue Budget) £m	Capital Budget £m
Children & Young People				
A	Children & Families	87.342	(3.342)	1.698
B1	Education Services – Non-DSG	9.406	(0.020)	72.944
Communities				
C	Economy & Place	23.396	(0.174)	10.529
D	Environment, Planning & Transport	72.405	(1.133)	69.406
E	Fire & Rescue Service	25.183	(0.071)	0.735
F	Strategic Infrastructure & Climate Change	1.506	-	3.115
Social Care & Health				
G	Health & Care Commissioning	11.753	(0.075)	0.092
H	Social Care & Support	224.982	(6.216)	0.313
I	Public Health	24.686	(0.306)	-
Resources				
J	Enabling Services	27.937	(0.775)	14.654
K	Finance	15.854	(0.348)	-
L	Strategy, Planning & Governance	6.078	(0.106)	-
M	Workforce & Local Services	10.833	(0.032)	1.085
B2 & N	Corporate Services and Resourcing	(143.886)	(3.579)	76.040
Total		397.477	(16.177)	250.611

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 2024/25 since the budget was approved on 8 February 2024 and are recommended by Corporate Board.

Revenue

3.2. The Council's planned 2024/25 net revenue budget has reduced by £0.448m compared to the budget approved by Council. This relates to changes to core grant allocations following consultation on the provisional settlement. This adjustment is offset by a corresponding reduction in the planned use of the Council's reserves.

3.3. The other adjustments to Service budgets since February 2024 are to reflect the realignment of responsibilities as a result of the organisational changes,

the most significant being the separation of Public Health from Health and Care Commissioning. These adjustments are between Services and do not impact on the overall net revenue budget. The changes are listed in **Appendix O**, by Service.

Capital

- 3.4. A review of the capital programme budget phasing for 2024/25 will start following finalisation of the 2023/24 capital outturn position. Any rephasing will not create an increase in the overall capital programme. In terms of financing, any rephasing of spend into later years will also defer when the Authority needs to take out additional borrowing.
- 3.5. **Appendix O** shows the impact of the ongoing organisational redesign on the allocation of capital budget across Services. These adjustments are between Services and do not impact on the net bottom line of the capital programme.

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 2024/25 is planned to be £488.2m. However, this is a net figure that reflects £441.6m of income. Of this, £291.3m is from government grants, with the remaining £150.3m mainly from other grants and contributions, fees and charges, and interest. The table below shows how the Net Revenue Budget in Table 1 relates to the planned spending on services:

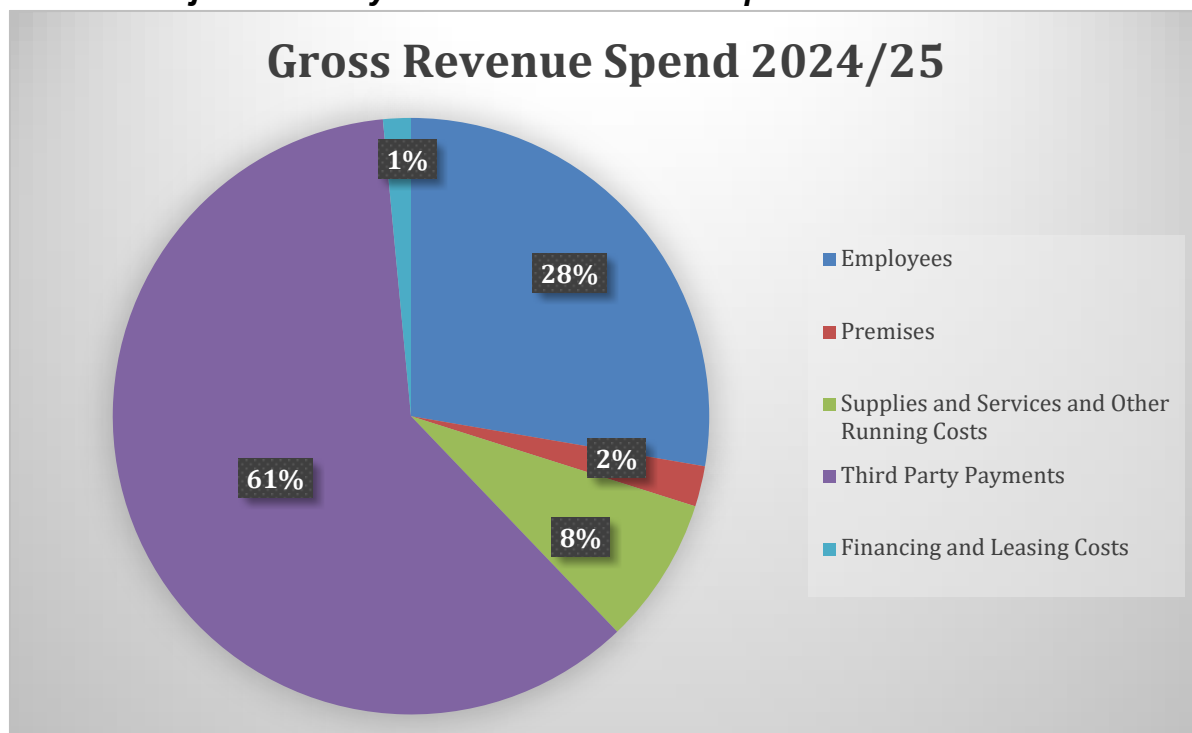
Table 2: Reconciliation of Net Revenue Budget to Spending on Services

	£m
Council Tax income	387.0
Deficit on the Collection Fund	(0.4)
Use of Reserves	11.3
Adjustments to Reserves as recommended by this report	(0.4)
Net Revenue Budget as per Table 1	397.5
Business Rates income	90.7
Spending on Services	488.2

- 4.2. The planned gross revenue expenditure of the Authority on services in 2024/25 is therefore £929.8m. This compares to a gross spend figure of £819.0m in 2023/24. The main reasons for the increase of £110.8m is the inflation and additional spending pressures allocated to services in the February budget and reflects the increased demand for our services. Some of the increase in expenditure is offset by specific grants, contributions and fees accounted for within the individual service budgets.
- 4.3. Chart 1 shows a breakdown of the gross revenue budget by type of expenditure (excluding schools). It shows that 61% of the Authority's planned spend on services is commissioned from third parties, which is 3% higher than last year and shows the continued increase in spend on externally commissioned services, specifically in the cost of adults and children's social care and support, Home to School Transport and Special Education Needs

and Disabilities where provision is commissioned externally. At the same time the proportion of spend on employee cost, suppliers and services, and financing cost have reduced.

Chart 1: Subjective Analysis of Gross Revenue Spend



4.4. Table 2 shows the change in the type of expenditure budgeted between 2023/24 and 2024/25.

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

Expenditure type	2023/24 %	2024/25 %
Employees	29	28
Premises	2	2
Supplies and Services and Other Running Costs	9	8
Third Party Payments	58	61
Financing and Leasing Costs	2	1
Total	100	100

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 2024/25 will be monitored and assessed.

6. Environmental Implications

6.1. None arising directly from this report.

7. Background Papers

7.1. None.

8. Appendices

Appendix A	Children & Families
Appendix B1	Education Services – DSG
Appendix B2	Education Services – Non- DSG
Appendix C	Economy & Place
Appendix D	Environment, Planning & Transport
Appendix E	Fire & Rescue Service
Appendix F	Strategic Infrastructure & Climate Change
Appendix G	Health & Care Commissioning
Appendix H	Social Care & Support
Appendix I	Public Health
Appendix J	Enabling Services
Appendix K	Finance
Appendix L	Strategy, Planning & Governance
Appendix M	Workforce & Local Services
Appendix N	Corporate Services
Appendix O	Adjustments between Council and Service Estimates

	Name	Contact Information
Report Author	Natalia Hodgetts Lead Commissioner – Finance Strategy	Nataliahodgetts@warwickshire.gov.uk
Director	Virginia Rennie Director of Finance	vrennie@warwickshire.gov.uk
Executive Director	Rob Powell Executive Director for Resources	Robpowell@warwickshire.gov.uk
Portfolio Holder	Cllr Peter Butlin Portfolio Holder for Finance and Property	Peterbutlin@warwickshire.gov.uk

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