Cabinet

5 September 2024

2024/25 Financial Monitoring – Forecast Position as at Quarter 1

Recommendations

That Cabinet:

1. notes the forecast net service overspend of £26.998m (6.7%) that would need to be funded from reserves at the end of 2024/25;

2. notes the forecast delivery of savings for 2024/25 of £9.255m (57%), and the consequent shortfall against the target;

3. notes the forecast capital spend for 2023/24 of £161.759m;

4. notes and approves the movement in the forecast spend on the capital programme of £26.404m from 2024/25 into future years;

5. approves the drawdown of £0.472m from the Revenue Investment Fund as detailed in Section 6; and

6. notes and endorses the financial recovery strategy to mitigate the emerging 2024/25 financial position, as outlined in Section 2.

1. Purpose of the report

1.1. This report outlines the forecast financial position of the organisation at the end of 2024/25, based on the information known at the end of the first quarter.

1.2. The current analysis includes:

- capital and revenue financial performance; and
- explanations for variations, any mitigating actions and an assessment of any impacts on service delivery.

2. Summary

Revenue Forecast Summary

	Quarter 1 £m
Approved Budget	401.448
Net forecast as at Quarter 1	448.905
Net overspend	**47.457**
Reason for, and resourcing, of the overspend	
• Investment Funds variance: spend to be financed from approved Investment Funds allocations	2.451
• Net Movement (to)/from Earmarked Reserves: spend to be financed from other Earmarked Reserves not currently included in the Approved Budget	2.099
• DSG variance: deficit of **£33.909m** partially offset by £18m provision in the approved budget	15.909
Residual service variance	**26.998**
Net overspend	**47.457**

2.1. The headline forecast overspend is £47.457m in 2024/25. However, one-off, specific funding has been set aside in the Medium-Term Financial Strategy (MTFS) to meet £20.459m of these costs, including £18.000m provision to fund the Dedicated Schools Grant (DSG) deficit. Once this funding is taken into account the adjusted position is a residual overspend of £26.998m (6.7% of the net revenue budget) which, if unchanged by the end of the financial year through mitigating actions, will be taken from the Financial Management Reserve in the first instance. The variance in the net revenue budget at 6.7% is above the +/- 2% target set as part of the performance management framework.

2.2. The Council is continuing to face sharp and unsustainable increases in demand and costs across our children's and adult social care services, Special Educational Needs and Disabilities (SEND), and home to school transport, which are posing significant medium-term financial risk to the Council. These reflect national pressures and require national solutions if we are to fully mitigate the situation.

2.3. For further details on the reasons and impacts of the forecast revenue spend please refer to Section 4.

Financial Recovery Strategy

2.4. Facing such significant cost pressures from within services and the Dedicated Schools Grant, any well-run organisation would put in place a mitigation strategy to bear down on costs. Based on the indicative 2023/24 outturn, Corporate Board had previously agreed a contingency plan, including a trigger point for implementing spending controls. The Q1 forecast outturn is materially above that trigger point, and so immediate action has been taken in-year to mitigate the pressures ahead of the 2025/26 MTFS refresh. The mitigation strategy is fourfold:

- **Reducing the forecast overspends in the four key areas and make sure they don't grow** (excluding SEND these services account for 71% of budgets). All areas forecasting overspends at Q1 have been asked to prepare and submit Financial Recovery Plans by 31 August.

- **Identifying reserves to partially offset the overspend in 2024/25**. Work is underway in this area with Finance undertaking a full review of available reserves. Any unplanned use of reserves reduces medium-term financial resilience and can only be used as a one-off mitigation.

- **No longer provide £ for £ for the High Needs Block deficit beyond the £18m set aside in the 2024/25 budget resolution**. The in-year forecast DSG deficit stands at £35m in 2024/25, this means relying on the DSG Statutory Override which is available until March 2026 to manage the balance above the £18m provision. Additionally, as detailed later in 2.14 in order to enable greater financial resilience and flexibility, it's proposed to re-purpose the DSG offset reserve to become a more flexible 'Medium-Term Financial Risk Reserve'. Until there is a national solution to the Special Educational Needs and Disabilities (SEND) system, this is the most significant risk to the Council's financial resilience and sustainability.

- **Spending controls** implemented for the rest of the financial year with a £12m target (2% of the net revenue budget). The primary goal of the spending control target is to top the Short-Term Financial Risk Reserve back up to c£9m.

2.5. This strategy reflects the Council's track record of prudent financial management and maintenance of risk reserves to deal with such financial pressures. Directorates and Services have responded positively and quickly to the financial mitigations and there is early evidence of traction, although this will be impacted by the trajectory of the major financial and demand pressures, these will be worked into Q2 forecasts.

2.6. Within this context, preparatory work for the 2025/26 MTFS is essential with the process having commenced through the 2025/26 MTFS Refresh report to July Cabinet. Regardless of the mitigations put in place to manage the overspend in 2024/25, pressures are likely to be sustained and so we will need meaningful and realistic savings options from services as part of the 2025/26 MTFS refresh process.

2.7. The Chancellor's Spending Review and Autumn Budget will give us more clarity on the available resources and potential policy changes to fund and address these pressures as we make our preparations through the autumn and winter for setting the 2025/26 Budget in February 2025. Scenario modelling is ongoing to determine if the additional savings requirement outlined in the July Cabinet report is sufficient, given the emerging Quarter 1 position or, as is likely, if pressures contained within the 2024/25 Quarter 1 forecast are ongoing and will require further savings.

Reducing the Forecast Overspend

2.8. Services forecasting overspends at Q1 were required, by the end of August, to have developed financial recovery plans that will reduce the forecast overspend in 2024/25, with primary focus on the areas of Social Care and Support, Children and Families, SEND (linked to the Delivering Best Value plan) and Home to School Transport.

2.9. Directorate Leadership Teams were also invited to submit their initial proposals to mitigate the in-year 2024-25 pressures by 31 July, with a clear expectation that all in-year underspends generated in 2024/25 must be declared to Finance and ringfenced as they arise through the rest of the financial year.

Dedicated Schools Grant

2.10. The Dedicated Schools Grant (DSG) is a ring-fenced government grant allocated to the authority to support a range of education related services. The majority of the DSG is allocated to the Local Authority and paid to providers based on a national formula which funds direct education provision including schools, early years' providers and high needs education. The Department for Education (DfE) currently operate a 4-block funding model for funding education, these are:

- Early Years block – funds all early years' settings for Under 2s, 2, 3 and 4 year olds with a statutory minimum of 95% allocated to schools, other private, voluntary and independent early years education providers and childminders through the Early Years funding formula.

- Schools block – core funding for all pupils in mainstream schools, allocated to schools for day-to-day spending in their individual school budgets through the schools funding formula. Maintained schools can choose to de-delegate budget to the local authority for some services (e.g. Free Schools Meal eligibility and behaviour support services)

- High Needs block - supports 0-25 year olds with SEN and disabilities. It also supports those of school age who are not in school because they are excluded or otherwise not able to attend school.

- Central block – Centrally retained budgets for licences, teachers pension employee contribution grant and other services that are provided centrally like the admissions service.

2.11. The largest financial risk to the Council is the growing deficit within the DSG High Needs block which the Council is no longer able to sustainably provide for. The

2024/25 Q1 Dedicated Schools Grant (DSG) forecast is a £30.909m overspend. Within this there is a £35.431m High Needs block deficit, giving a forecast cumulative High Needs DSG deficit of £74.919m by the end of this financial year. £57.488m has been set aside in reserves to offset the DSG High Needs deficit, including the £18.000m provision set aside in the 2024/25 budget. This leaves a shortfall of £17.431m in year which is the element of the deficit which is not currently covered by reserves requiring the Council for the first time to rely on the 'DSG Statutory Override'. WCC has so far not relied on this override, having prudently set aside sufficient reserves to offset the growing deficit position.

2.12. The override was introduced by the Government in 2020, allowing Local Authorities to exclude any deficits on their DSG spending from their main revenue budgets. This originally covered three financial years 2020/21 to 2022/23 but was extended until March 2026.

2.13. Given the size of some authorities DSG deficits and other pressures on LA's reserves, the Department for Education recognised that funding these deficits from main revenue budgets could cause Local Authorities to make spending reductions in other services that they would not otherwise make. Therefore the accounting rules were changed to make it clear that a DSG deficit must not be charged against the general fund and instead charged to a separate reserve used solely for the purpose of recognising deficits until March 2026, this ensures Council resources are protected from these deficits until a national solution is found.

2.14. It is unclear at this point what will happen in practice when the statutory override ends. A recent Isos Partnership Report, commissioned by the County Councils Network powerfully sets out the unsustainable SEND system, both in terms of outcomes and finance, and recommends national reforms to reset the system.

Reserves

2.15. In order to provide extra flexibility in managing the Council's financial resilience, it is recommended to repurpose the DSG Offset reserve as the 'Medium-Term Financial Risk Reserve'. To recognise the change in approach to managing the emerging financial position, it is also recommended that the Financial Management reserve is repurposed as the 'Short-Term Financial Risk Reserve'.

2.16. Separately, other reserves and contingencies have been identified that could partially offset the overspend in this financial year, but this will reduce the Council's medium-term financial resilience and is a one-off mitigation, and we still need to set a balanced 2025/26 budget and five-year MTFS in February 2025 in the context of current spending pressures which are currently being modelled. As part of this consideration of reserves, services are restricted from making new bids to the Revenue Investment Funds, other than the specific project included in this report's recommendations and the unavoidable investment in the major systems replacement programme covered elsewhere on today’s Cabinet agenda, or where the bid will directly enable in-year or MTFS savings.

Spending Controls

2.17. In order to maintain financial resilience in-year, retain a robust reserves position and to support a strong starting position for the 2025/26 MTFS refresh, we are seeking to reduce 2024/25 spend by 2% of the net revenue budget (around £12m), through the implementation of council wide spending controls. This is intended to improve the Q1 position either by reducing forecast overspends or reducing overall spend across the Council.

2.18. The proposed target will work in both reducing the 2024/25 forecast overspend to a manageable level and help us top up the ‘short-term’ financial risk reserve. Although forecast to be fully utilised based on the Q1 position, the target will ensure this reserve is topped up to an acceptable level by the end of 2024/25 to provide continued resilience for setting and managing the 2025/26 budget.

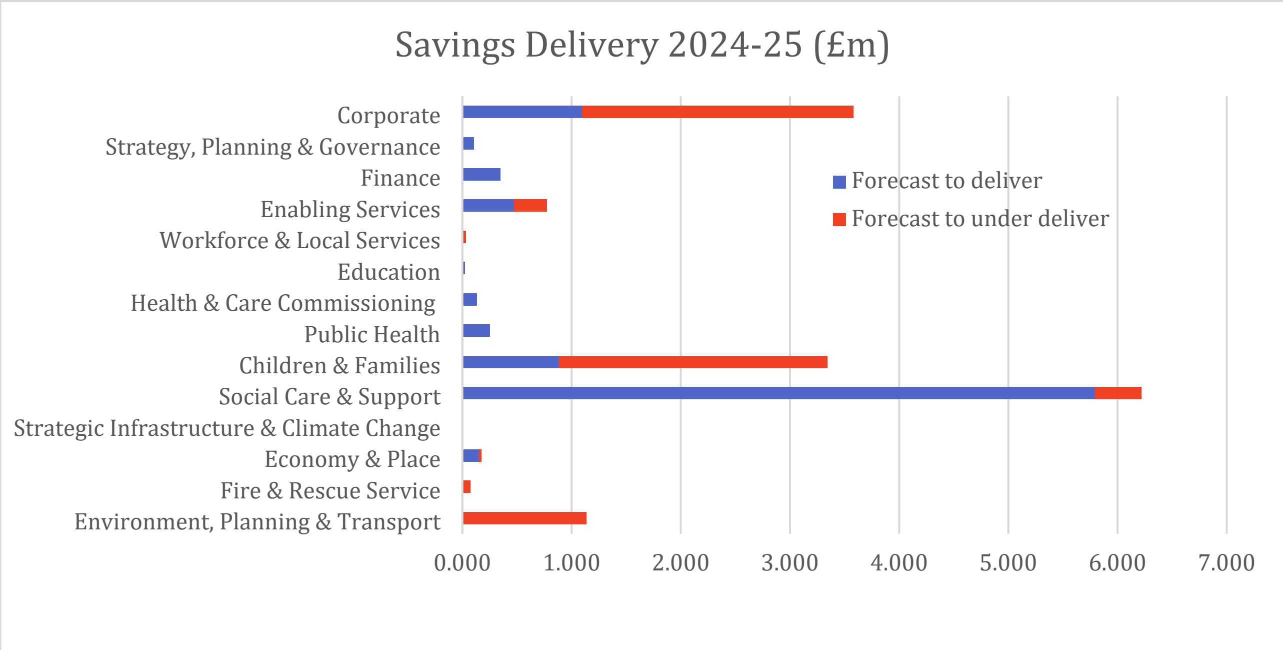
2.19. Spending controls were implemented on 24 July for the remainder of the financial year. These controls cover eight key areas:

- Vacancy Management
- Spend on agency staff, interims and contractors
- Establishment Control
- Overtime
- Procurement
- Catering and hospitality
- Training and development activity, including attendance at conferences
- External venue hire

2.20. Following the implementation of the spending controls by Corporate Board, the Period 4 forecast position is showing positive movements to reduce the forecasted overspend. This trajectory towards achieving the reduction of the 2024/25 expenditure by 2% of the net revenue budget reflects sounds management action and a concerted effort by all service areas to improve the financial position and maintain our financial resilience. Performance against this target will be kept under review as monthly financial forecasting at Period 4 and Period 5 is analysed, with an update on progress reported to Cabinet in November in the 2024/25 Quarter 2 Financial Monitoring report.

Savings Delivery Summary

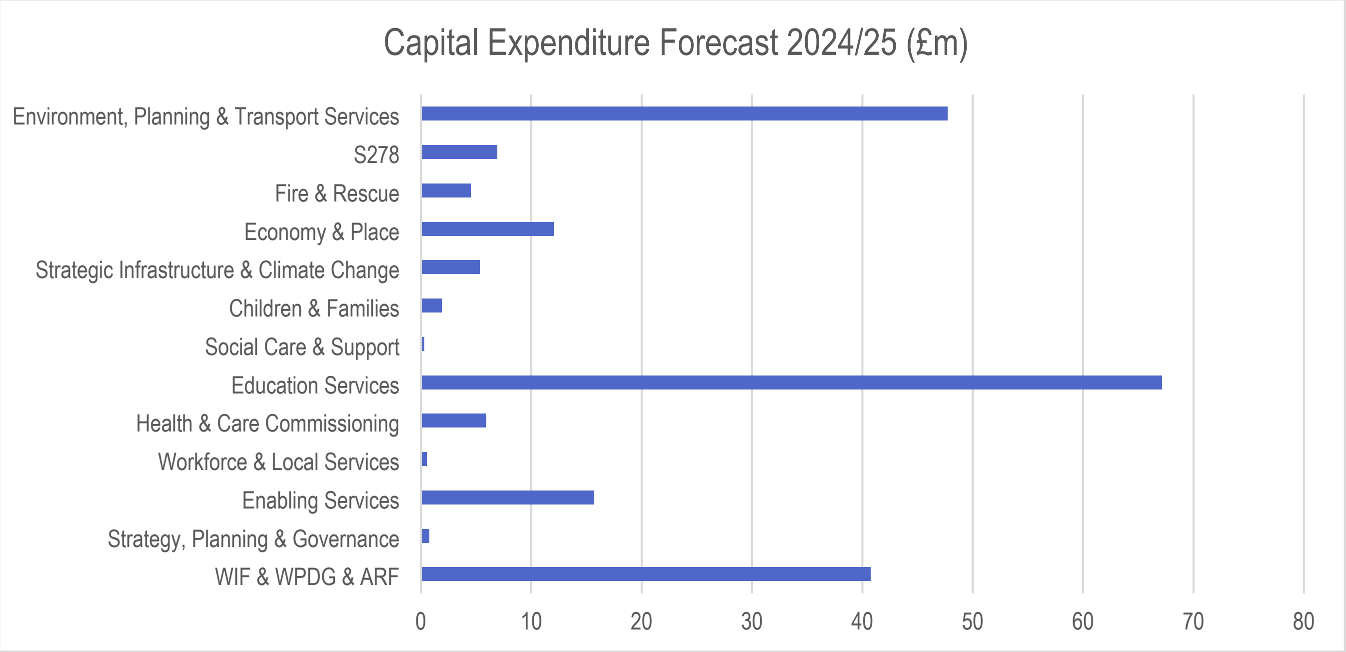
2.21. The savings plan for 2024/25 requires the delivery of £16.177m of savings, accumulated from 48 individual saving initiatives. At Q1 £9.255m (57%) is forecast to be delivered in line with the plan, with £6.922m (43%) forecast not to be delivered, this is reflected in the Q1 revenue forecasts and is largely due to service pressures causing overspends in the main areas of challenge. For details on saving performance please refer to Section 5.



Capital Forecast Summary

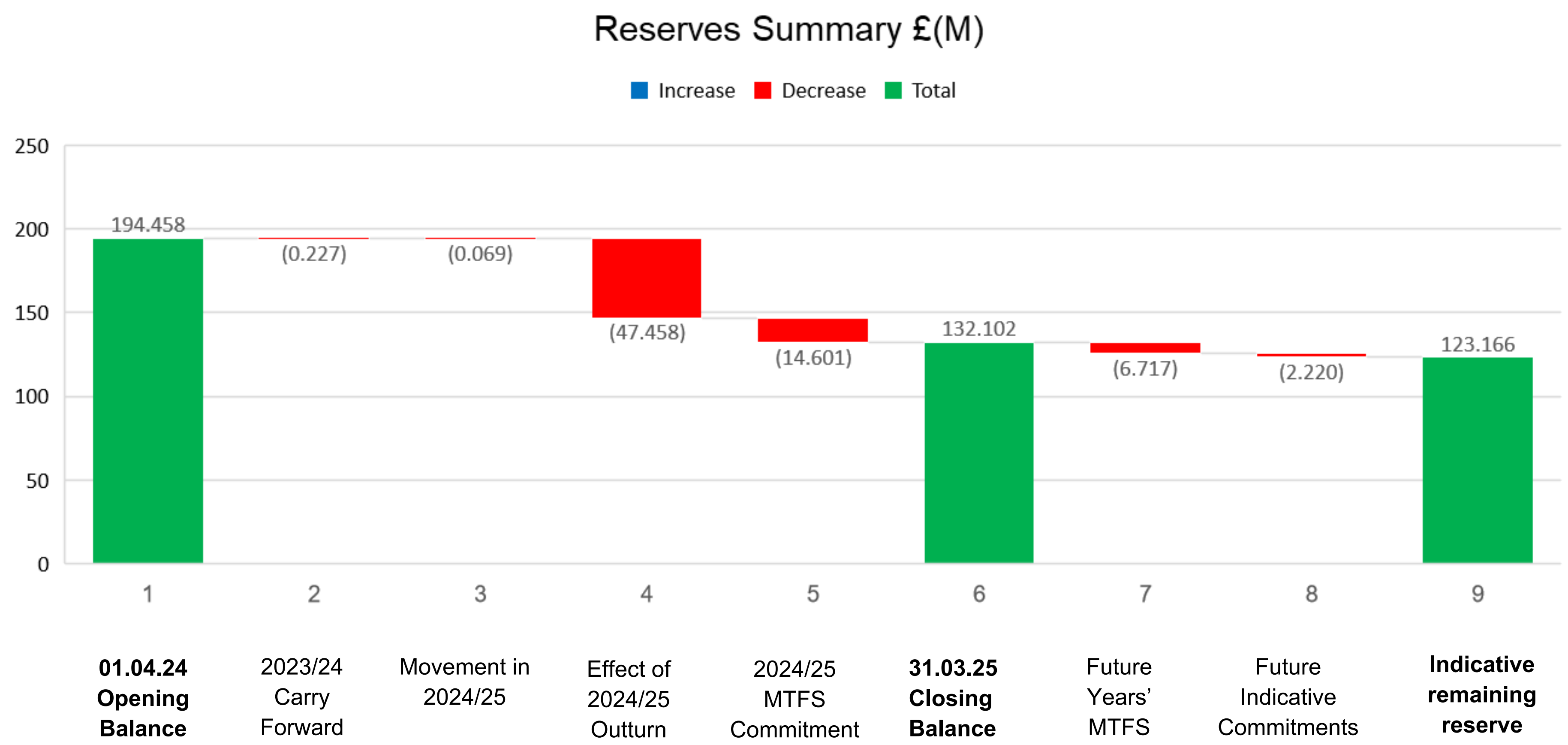
2.22. The controllable capital spend for 2024/25 is forecast to be £161.759m. A further £6.922m was spent on schemes funded by S278 developer contributions where the timing is not directly controllable by the Council. In addition, £40.754m is forecast to be spent on economic growth-related activity through the Warwickshire Investment Fund (WIF) and Warwickshire Property and Development Group (WPDG). When combined these give a total forecast capital spend for the year of £209.436m.

Graph: Capital Expenditure 2024/25 (£m)



*WIF (Warwickshire Investment Fund), WPDG (Warwickshire Property and Development Group), ARF (Asset Replacement Fund)

Reserves Summary[1]



2.23. The level of reserves at the start of 2024/25 was £194.458m. The forecast spend in this report and indicative future use of reserves to support the MTFS indicate reserves will reduce by £71.292m over the period of the MTFS to £123.166m. The future MTFS commitments are subject to change as a result of the on-going refresh of the Strategy. The use of £47.458m of reserves, as indicated as an effect of the 2024/25 outturn, represents the position **before** any impact of the Financial Recovery Strategy outlined above has taken effect, therefore, demonstrating how crucial the strategy is to safeguarding the Council's useable reserves position.

[1] Variations in reserves through the year - red indicates use of reserves and blue indicates an increase in reserves.

3. Revenue Forecast by Service

Service Area	Approved Budget	Service Forecast	(Under) /Over spend	% Change from Budget	Represented by: Investment Funds	Impact on Earmarked Reserves	Remaining Service Variance	% change from Approved Budget
	£m	£m	**£m**		£m	£m	£m	
Communities								
Environment, Planning & Transport	72.422	81.132	8.710	**12.0%**	0.000	0.220	8.490	**11.7%**
Fire & Rescue	25.102	25.635	0.533	**2.1%**	0.310	0.000	0.223	**0.9%**
Economy & Place	23.700	24.858	1.158	**4.9%**	(0.047)	0.326	0.880	**3.7%**
Strategic Infrastructure & Climate Change	1.828	1.483	(0.345)	**(18.9%)**	0.000	0.000	(0.345)	**(18.9%)**
Subtotal Communities	**123.052**	**133.108**	**10.056**	**8.2%**	**0.263**	**0.546**	**9.248**	**7.5%**
Social Care and Health								
Social Care and Support	211.024	227.022	15.998	**7.6%**	(0.035)	0.842	15.191	**7.2%**
Public Health	24.616	24.720	0.104	**0.4%**	0.000	0.018	0.086	**0.3%**
Health & Care Commissioning	11.839	12.305	0.466	**3.9%**	0.000	0.638	(0.172)	**(1.5%)**
Subtotal Social Care and Health	**247.479**	**264.047**	**16.568**	**6.7%**	(0.035)	1.498	15.105	**6.1%**
Children and Young People								
Children & Families	103.775	115.905	12.130	**11.7%**	1.664	0.101	10.365	**10.0%**
Education Services - Non-DSG	10.712	11.537	0.825	**7.7%**	(0.034)	0.278	0.581	**5.4%**
Subtotal Children and Young People	**114.487**	**127.442**	**12.955**	**11.3%**	1.630	0.379	10.946	**9.6%**
Resources								
Enabling Services	28.427	28.446	0.019	**0.1%**	0.473	(0.141)	(0.314)	**(1.1%)**
Finance	15.622	15.636	0.014	**0.1%**	0.000	0.019	(0.005)	**(0.0%)**
Strategy, Planning & Governance	7.187	6.847	(0.340)	**(4.7%)**	0.120	0.000	(0.460)	**(6.4%)**
Workforce and Local Services	10.960	10.873	(0.087)	**(0.8%)**	0.000	0.046	(0.133)	**(1.2%)**
Subtotal Resources	**62.196**	**61.802**	**(0.394)**	**(0.6%)**	**0.593**	**(0.076)**	**(0.912)**	**(1.5%)**
Subtotal Directorates	**547.214**	**586.399**	**39.185**	**7.2%**	**2.451**	**2.347**	**34.387**	**6.3%**
Corporate Services and DSG								
Corporate Services & Resourcing	(145.765)	(171.402)	(25.637)	**17.6%**	0.000	(18.248)	(7.389)	**5.1%**
DSG expenditure (Education Spending)	296.816	330.725	33.909	**11.4%**	0.000	33.909	0.000	**0.0%**
DSG income	(296.817)	(296.817)	0.000	**0.0%**	0.000	0.000	0.000	**0.0%**
Subtotal Corporate Services and DSG	**(145.766)**	**(137.494)**	**8.272**	**(5.7%)**	**0.000**	**15.661**	**(7.389)**	**5.1%**
Total	**401.448**	**448.905**	**47.457**	**11.8%**	**2.451**	**18.008**	**26.998**	**6.7%**

4. Revenue overview

4.1. The forecast outturn position is set out in the table in Section 3 above and shows a total forecast overspend of £47.457m representing 11.8% of the Council's net revenue budget.

4.2. The key drivers causing this position are national ones which we are seeing play out locally, and urgently need fundamental action from Government as well as those local actions which can partially mitigate the impacts. The underlying themes continuing from previous years, despite significant budget allocations to all four areas, are:

- a continuation of the increase in volume and complexity of demand for services in the Children & Young People and Social Care & Health Directorates;
- market failure, in the form of excessive costs for placements, lack of capacity both for specialist placements and staffing;
- a further increase in the already substantial gap between the fixed levels of grants provided by Central Government and the growing spending need in the services the grants are supposed to fund, particularly in relation to the High Needs Block of the DSG for children and young people with Special Educational Needs and Disabilities, which remains materially underfunded for the level of demand/cost in the system, as shown by the recent CCN report on SEND referenced in paragraph **2.14** above; and
- against such demand and system pressures, challenges in terms of the organisation's capacity to deliver and maintain all of its change programmes and associated savings plan delivery.

4.3. The impact of these on WCC's financial position largely consists of four main overspending areas:

- **Social Care and Support** – This service is forecasting a £15.191m overspend. The drivers vary slightly across different parts of the service, but the primary cause is volume caused by increased demand. While unit costs are stable in some service areas, others are unable to secure provision at framework contract prices, and have to issue spot contracts, which are more expensive. We are also managing the market implications of the previous national Fair Cost of Care exercise.

  Strategic response – Adult Social Care Innovation and improvement programme and financial recovery plan, including a range of activities to reduce care placement costs, reliance on agency workers and spend in specific areas of focus.

- **Children and Families** – This service is forecasting a £10.364m overspend of which £7.2m is for residential care. Despite stable and relatively low numbers, reflecting the effectiveness of early intervention, the financial challenge is driven by a 15% increase in both unit cost and placement durations as well as market failure in meeting complex needs. The slow pace of filling WCC homes and overspends on internal and agency staff are also key issues.

Strategic response – Reducing costs of residential care by fully utilising and investing in WCC's Children's Homes, in-depth case reviews, implementing the Pathfinder Programme to rebalance children's social care away from costly crisis intervention to effective early support, further work on the Children's Continuous Improvement Programme and existing spending controls already implemented in service ahead of the corporate ones.

- **SEND DSG** - This service is forecasting a £17m high needs block increase above the planned £18m overspend; this is both volume and unit cost driven. It is now critical to be able to drive benefits from the Resource Provision strategy which is subject to a future Cabinet decision.

  Strategic response – Continuation of the Education Transformation Programme, planned capital investment in SEND Resource Provision and focus on SENDAR, use of the DSG Statutory Override above resources set aside in the budget until a sustainable national solution is found.

- **Home to School Transport** - This service is forecasting a £8.489m overspend (both mainstream and SEND); the overspend is largely driven by volume/demand with unit costs being relatively stable, but there is still scope to do things differently, and different, potentially challenging policy choices may need to be considered in the near future.

  Strategic response – Progression of the Home to School change programme, identification of benefits from Resource Provision capital investment in SEND, and improvements in data quality and integration between systems to inform planning.

4.4. The total overspend from these areas is £51.2m; in the budget set in February 2024, allocations of £51.7m were assigned to these four budgets, of which £20.4m was time-limited (mainly DSG); factoring in Treasury Management benefits and other small movements, the Q1 overspend is £47.5m.

4.5. The material aspects of the overspend at a service level are set out below. Further detail can be found in **Appendix A**:

i.) Education Services - Dedicated Schools Grant (DSG)

The forecast £33.910m overspend consists of the following variances:

DSG block	Current year forecast variance as at Q1 2024/25 £m	Cumulative forecast variance as at Q1 £m
Schools Block	0.040	(1.249)
Early Years Block	(1.492)	(6.110)
High Needs Block	35.431	74.919
Central Services Block	(0.069)	(0.436)
Total	**33.910**	**67.124**

The most significant element is the forecast overspend of £35.431m on the DSG High Needs Block (HNB). This is a 44% overspend on the HNB budget allocation of £80.253m. This overspend consists of the anticipated Delivering Best Value (DBV) budgeted overspend of £17.900m and a further £19.814m service overspend which is being offset by a school block contribution of £2.283m. The material overspends include £5.425m in mainstream school Education, Health and Care Plan (EHCP) top-ups, £1.993m overspend in Special school EHCP top-ups, a £8.586m overspend on independent school places, a £2.245m overspend on specialist resource provision and a £0.930m overspend on Post 16 provision.

The High Needs overspend reflects the ongoing trend for increasing demand for places (generally in line with the rise in EHCPs)[in all types of provision, and for increasing cost per place. Since 2021/22 there has been an 89% increase in Independent Special School places (from 277 to 524 in 3 years), and a corresponding increase in the average cost per place of 21%, from £55,000 pa to over £66,000 pa.

The 3-year increase in the number of top-ups in mainstream and special schools is 21% and 14% respectively. The average cost per place for mainstream top-ups has almost doubled in 3 years from £5,500 pa to nearly £11,000 pa. The cost of special school places has increased by 19% over the same period.

The number of Resource Provision places has increased by 89% since 2021/22, which reflects the council's policy of using this type of provision to manage growth in other areas. However, the rate of growth in demand means that there is not yet sufficient provision to start reducing demand for places in other settings.

Demand for Post-16 places have increased by 23% to 674 over the past 3 years, while the average cost of these places has increased by 60% from £13,000 to over £21,000 pa.

The vast majority of expenditure of the HNB is individual children related, with payments being made to Warwickshire Schools or Independent Schools & Colleges. These payments are for the full cost of places or can be in the form of individual pupil "Top ups" to the funding which Warwickshire schools already receive for the pupils.

The Council has participated in the DfE's Delivering Better Value programme. Independent experts commissioned by the DfE concluded that even if the Council implemented every possible mitigating action, we could not balance the high needs budget or generate sufficient underspends to repay the cumulative deficit which by the end of the decade will otherwise reach entirely unsustainable levels. This requires urgent national action, as set out in the recent CCN report on the SEND system. As set out in the Council Section 151 Officer's Section 25 Statement in the budget resolution, the failure to reset the SEND system on a sustainable basis is a fundamental risk to the Council's medium-term financial sustainability.

ii.) Environment, Planning & Transport remaining service overspend of £8.490m (+11.7% of approved budget)

The primary reasons for this forecast overspend are Home to School SEND transport forecasting to overspend by £4.477m on a net budget of £23.209m (19%) and mainstream transport forecasting to overspend by £4.094m on a net budget of £14.787m (28%). These overspends are in spite of an additional budget allocation in 2024/25 of £8.942m to cover inflation, increased contract costs and increased demand across both SEND and Mainstream services. The overspends are offset by a small forecast underspend of £0.108m on Children in Care transport giving a combined total forecast overspend of £8.463m.

The cause of the overspends in both areas is the increasing demand for services exceeding the predictions assumed in the MTFS. There is always a degree of uncertainty around demand when budget-setting and in Q1 monitoring because the Admissions process has not been completed for the following academic year and final new passenger numbers are not known.

Growth in passenger numbers for Mainstream were estimated to be 2% per annum and 10% over the MTFS period; the reality is that the increase in 2023/24 alone was 9.5%. Decisions on the allocation of school places and sufficiency of places in the appropriate location has a direct impact on the cost of Mainstream school transport. This particularly applies to movements into and out of county during the year, which is difficult to predict.

Growth in SEND passenger numbers was estimated to be 8.5% over the MTFS period, but actually increased by 18.5% in 2023/24. However, this is only one of the cost drivers. Spending will depend on the number of transport contracts and distance travelled, whether transport is sole or multiple occupancy, whether pupils require a transport assistant, as well as the number of EHCPs being approved. These factors will vary on a case-by-case basis each year, making budget setting and forecasting complex. The data available to inform budget-setting and forecasting does not always provide the degree of granularity that would be needed to reflect the impact of all of these cost drivers. The forecasting model has been improved for 2024/25 so that numbers of EHCPs are reflected more accurately. It is assumed that 46% of pupils with EHCPs will require home to school transport, and this is in line with benchmarking with other local authorities.

The service is seeking to mitigate the level of overspend, however, without fundamental changes to national home to transport policy, and potentially local policy changes by the Council, there is limited ability to impact the numbers accessing Home to School transport. Work is ongoing through the improvement project workstreams to improve procurement, reduce costs and improve the efficiency of the service through route reviews, data cleansing and changing the admissions process, but volume and the sufficiency of school places are the fundamental challenges and the process and procurement efficiencies are only likely to mitigate partially the current pressures. Costs per journey in 2024/25 have remained reasonably stable and operator costs have shown a slight decline, indicating that improvement project workstreams are beginning to have an impact for example, through access to more accurate data and route reviews to improve the efficiency of journeys.

iii.) Social Care and Support remaining service overspend of £15.191m, (+7.2% of approved budget)

The service overspend is driven by an increase in the volume of packages, and in some cases, increases in the costs of packages. This overspend is on top of a 2024/25 budget allocation for increasing demand of £8.066m. The service also received further allocations of £17.932m to cover price inflation, increased provider costs (primarily due to the national living wage), and additional hospital discharge costs.

The most significant overspends are attributable to Disabilities 25+ (£7.106m), the Older People service (£5.492m) and Mental Health services (£1.989m).

Disabilities 25+
The £7.106m pressure in Disabilities 25+ is across all areas of care although greatest in supported living (£3.499m) and residential care (£1.472m).

The demand for Supported Living grew significantly during 2023/24 after budget proposals had been submitted in September 2023, and the forecast overspend now being seen in the Q1 forecast essentially reflects both the growth during the second half of 2023/24 and that during the first quarter of 2024/25. For Supported Living, the number of clients that can be supported in the Q1 forecast is 41% higher than is affordable within the approved budget at the average unit cost per package of care.

Residential care for those with learning disabilities has financial pressures due to both cost and volume with costs 2% above the average cost of a package of care at the start of 2024/25 (after allowing for inflation) and a 3% increase in the volume.

The remaining overspend of £2.135m is due to pressures in domiciliary care, direct payments, night support, day care and residential colleges.

Older People
The £5.492m pressure in the Older People service relates predominantly to residential, nursing and domiciliary care. As with disabilities 25+, demand increased between budget proposals being submitted in September 2023 and the end of the financial year, and the Q1 forecast therefore reflects 9 months of demand growth. In addition, the service continues to have difficulty in securing packages at framework contract rates, and is increasingly having to negotiate individual rates, which are more expensive, although there are early indications that those individual rates may be starting to reduce. Work is ongoing to review framework contracts as part of the commissioning process.

For residential care, the number of clients that can be supported in the Q1 forecast based on package costs is 16% higher than is affordable within the approved budget. For nursing care, the number of clients that can be supported is 24% higher, and in addition 92% of packages are having to be individually negotiated. For domiciliary care, the number of clients that can be supported is 29% higher than is affordable within the approved budget.

Mental Health
Mental Health is forecasting an overspend of £1.989m, 10% above budget. This is mostly within Supported Living but is also contributed to by residential care, domiciliary care and nursing.

While there has been an increase in unit costs for supported living 4% above the inflation allocated, overall unit costs in mental health are not creating a significant additional pressure. As with Disabilities 25+, demand continued to grow between budget proposals being submitted and the end of the financial year, and the current forecast overspend reflects demand growth between September 2023 and June 2024. Based on the unit cost of packages, the number of Supported Living clients we can support is 21% higher than the approved budget can afford.

iv.) Children and Families remaining service overspend of £12.130m (+11.7% of approved budget)

Children in Care Placements account for £6.114m of the forecast overspend, with £7.221m attributable to Residential Care and all other placements forecasting an underspend of £1.107m. There is a predicted increase in demand of 15% coupled with a 15% increase in unit cost from 2023/24. Fortnightly residential placement meetings are held for each individual child to try and mitigate this rising trend.

Warwickshire Children's Homes are forecasting an overspend of £1.677m which is mostly due to staffing. The opening of children's homes is progressing although places created to date are still not fully utilised and a fourth home is still to be purchased. Plans to move children from residential care into these homes are reviewed fortnightly with an emphasis on attaining an occupancy level of at least 67% in order to break even. As of 5th August 2024, 5 out of 7 places currently available had been filled, with another 8 places to become available when the other homes open – a total occupancy rate of 33%.

The forecast overspend for establishment staff is £2.336m coupled with £1.186m forecast overspend for Agency staff. The reasoning for the establishment staffing overspend are teams holding fewer vacancies; staff paid at the top of their pay scales against a midpoint budget; maternity cover and a number of staff not budgeted for in the establishment who are required to cover increased demand. Control measures to limit the number and length of agency contracts have been put in place to ensure that only the most essential spend is being incurred. A review in June 2024 concluded that the number of agency staff would reduce from 35 to 10 by 1 September 2024, a reduction of around two thirds reflecting the successful impact of applying a market supplement to these roles.

v.) Corporate Services remaining service underspend of £7.389m (5.1% of approved budget)

The forecast underspend within Corporate Services is contributing towards offsetting the significant overspends above. This is predominantly due to temporary savings of £7.919m as a result of higher returns on our cash balances and investments as interest rates have remained higher for longer than anticipated. This surplus will partially offset the overspends being forecast by services this year, reducing the remaining service variance to a net overspend of £26.998m. Medium Term Financial Planning is based on interest rates returning to lower levels to reflect the reduction in CPI inflation, therefore this funding cannot be relied on to support the on-going impact of the service overspends in 2025/26 or beyond.

Additional benefit from Warwickshire's participation in the Coventry & Warwickshire Business Rates Pool is generating additional income from business rates growth of £1.9m which would normally be passed over to MHCLG but is allowed to be kept by the Council. This additional income is not in the Q1 forecast due to awaiting updated forecasts from the other Pool members, however, this will be added to the forecast as the information is received. The additional income will only arise for as long as business rates pools exist, this is subject to national policy and future reforms to local government funding.

vi.) Traded Services

The Council's traded services have a collective gross surplus target of £3.230m for 2024/25 before overheads are applied and at Q1 are forecasting a gross surplus of £3.100m representing a moderate shortfall against target of £0.130m. There are a small number of services with large variances (both under and over target) and those with below target forecasts are developing business plans to drive future performance improvement.

Total income for traded services showed an increase in 2023/24 compared to 2022/23 which, given the tough market conditions including the pressures of cost of living, tightening school budgets and the impact of academisation, provides a positive platform from which traded services can plan to meet their financial targets during 2024/25.

5. Savings Performance

5.1. Performance against individual saving targets can be found in Annexes A to N of Appendix C. The table below provides a summary. The savings target for 2024/25 is £16.177m; at Q1 £9.255m (57%) is forecast as on target to be delivered this financial year, leaving a significant shortfall of £6.922m (43%).

5.2. The Council has a successful track record of delivering savings. In 2023/24, despite challenges, the Council delivered 85% of its savings plan, totalling £12.846m. With continued high levels of increased demand for our services, maintaining this level of delivery is becoming increasingly challenging.

Service	Savings Target	Forecast delivery	N° of Schemes	Forecast under-delivery	N° of Schemes
	£m	£m		£m	
Environment, Planning & Transport	1.133	0.000	0	1.133	3
Fire and Rescue Service	0.071	0.000	0	0.071	1
Economy & Place	0.174	0.149	3	0.025	1
Strategic Infrastructure and Climate Change					
Communities Directorate	**1.378**	**0.149**	**3**	**1.229**	**5**
Social Care and Support	6.216	5.794	4	0.422	3
Health & Care Commissioning	0.131	0.131	2		
Public Health	0.250	0.250	1		
Social Care and Health	**6.597**	**6.175**	7	0.422	3
Children & Families	3.342	0.881	5	2.461	2
Education	0.020	0.020	2		
Children and Young People	**3.362**	**0.901**	**7**	**2.461**	**2**
Workforce & Local Services	0.032	0.004	1	0.028	1
Enabling Services	0.775	0.475	5	0.300	2
Finance	0.348	0.348	2		
Strategy, Planning & Governance	0.106	0.106	3		
Resources Directorate	**1.261**	**0.933**	**11**	**0.328**	**3**
Corporate	3.579	1.097	6	2.482	1
Total	**16.177**	**9.255**	**34**	**6.922**	**14**

5.3. Of the savings forecast not expected to deliver, 74% is attributable to schemes where services are struggling to deliver the planned reductions in demand through service re-design. The other 26% is attributable to schemes where income streams have not increased as planned or due to insufficient cost reduction from third party contracts.

5.4. Environment, Planning and Transport and Children and Families are responsible for £3.594m (52%) of the shortfall. As outlined in Section 4 of this report, both areas have seen a significant increase in demand for their services. This is directly impacting on their capacity to deliver the planned savings with limited scope within these services to identify alternative saving options. The net under-delivery of savings in Social Care and Support is £0.422m, which includes £3.560m under delivery of targets, offset by the over-achievement of the service's income target by £3.138m. Without the over-achievement of this income target, the forecast overspend for the service would be significantly higher. Corporate Services also reflects £2.482m (36%) of the shortfall due to the delayed income expected to be realised from WPDG against the MTFS target. This is planned to be made up in future years as WPDG and Develop

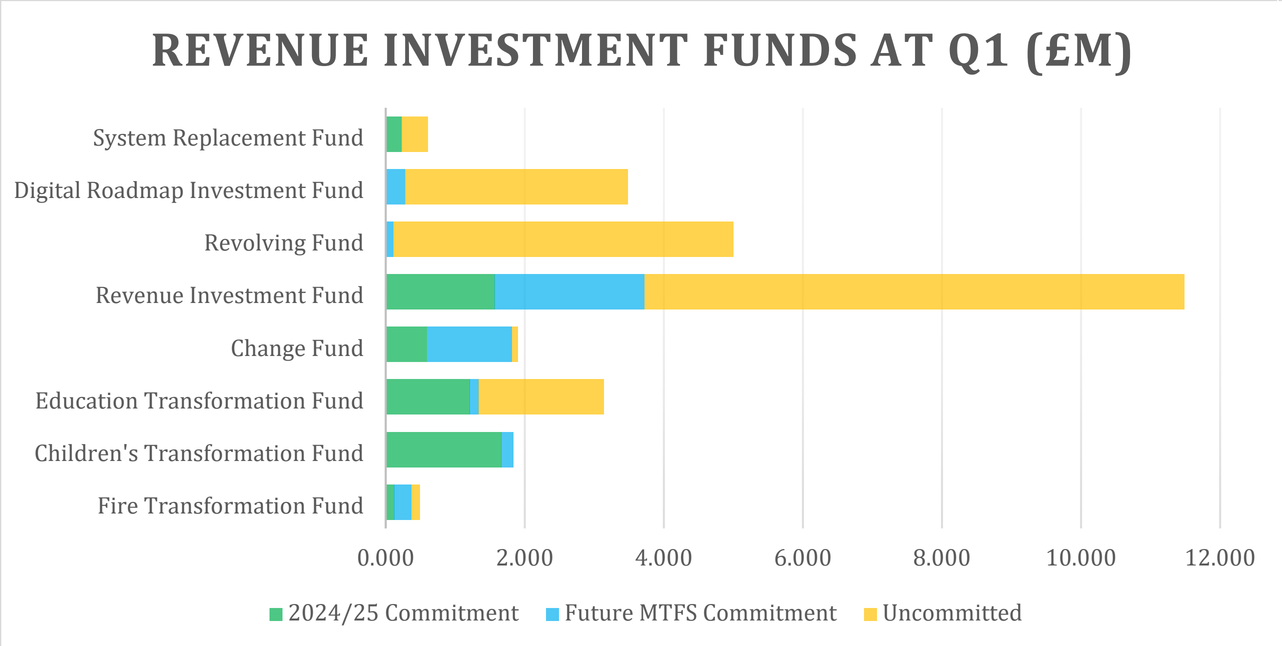
Warwickshire activity accelerates following some initial delays to individual schemes which have been outside the companies' control. The impact of the shortfall against the revenue budget will be funded from the Commercial Risk Reserve in the short-term, as intended and as reported to Cabinet in March 2024 as part of approving WPDG's 2024 Business Plan.

5.5. The budget resolution makes clear the expectation that where services are unable to achieve savings, they find alternative savings, which is being actively pursued. However, pressures in some services are so high that this may prove extremely challenging or indeed impossible. Where improvements cannot be identified to support future savings, this creates a budget pressure in future years' MTFS.

5.6. The pressures being faced this year mean that the MTFS will need to be recalibrated and refocused to ensure that the organisation stays on a sustainable path over the medium-term. Finding solutions to deliver the required additional savings to meet the increasing demand for our statutory services will require increasingly difficult decisions to be taken, given the backdrop of demand and cost pressures, and until greater certainty over the long-term direction of national policy is clarified by the new government.

6. Revenue Investment Funds

6.1. The remaining balances of each of the Revenue Investment Funds are shown below:



6.2. In the 2024/25 budget resolution, Council agreed to the continuation of two revenue investment funds starting from April 2024; £11.490m for a single Revenue Investment Fund (RIF), of which £7.766m was uncommitted and £5m for a Revolving Fund specifically to resource invest-to-save projects. The funding is intended to resource projects across the whole of the MTFS period.

6.3. Funding of £1.569m for 2024/25 and £2.155m for future years have been committed against the Revenue Investment Fund to deliver a wide range of projects. Performance against individual projects is listed in Annexes A to N of Appendix C in this report.

6.4. As part of the financial recovery strategy, the Revolving Fund has been paused so is not currently available, and services are encouraged, as part of the on-going refresh of the MTFS, to identify invest-to-save initiatives that can utilise the Revolving Fund and deliver savings in future years. If the Revolving Fund continues to remain underutilised there will be a need to consider how this is repurposed/rescaled.

6.5. Cabinet is recommended to approve the drawdown of £0.472m to support the Social Care and Support Improvement and Innovation Programme, following review by Corporate Board and a recommendation to approve this funding. This will be evenly distributed across 2024/25 and 2025/26 and is consistent with the Financial Recovery Strategy in that this investment will support the delivery of up to £2.650m cost avoidance savings in the approved MTFS as well as positively impacting on some of the key performance measures within the Council Delivery Plan.

7. Reserves

Reserve	Opening Balance 01/04/2024	24/25 MTFS Commitment	Movement in year	Outturn Impact	Indicative Closing Balance 31/03/2025	MTFS Allocation 2025-2029	Indicative Balance at 31/03/2030
	£m	£m	£m	£m	£m	£m	£m
DSG Deficit (inc Early Years, Schools, High Needs)	(33.214)	(18.000)	-	(15.910)	(67.124)	-	(67.124)
Medium Term Financial Risk Reserve*	39.488	18.000	-	-	57.488	-	57.488
Other Schools Reserves	18.108	-	-	(0.019)	18.089	-	18.089
Externally Earmarked Reserves	8.424	-	(0.069)	(2.035)	6.320	-	6.320
Internal policy/projects	12.240	3.662	-	(0.122)	15.780	-	15.780
Corporate Investment Funds	27.944	(2.842)	-	(2.450)	22.652	(4.325)	18.327
Volatility reserves	55.846	0.278	-	0.076	56.200	-	56.200
Management of Financial Risk	39.712	-	(0.227)	(26.998)	12.487	-	12.487
Available to Use Reserve	25.910	-15.699	-	-	10.211	(4.611)	5.600
Total	**194.458**	**(14.601)**	**(0.296)**	**(47.458)**	**132.103**	**(8.936)**	**123.167**

*Previously the DSG Offset Reserve

7.1. As at Q1 we are forecasting to use £62.356m of reserves to support spending in 2024/25, this is £33.995m more than in 2023/24. The use of reserves is made up of the following:

- fund the impact of the Q1 overspend;
- approved carry forwards;
- funding for investment and transformation projects;
- the transfer of the agreed revenue contribution to support the Medium-Term Financial Risk reserve as approved by Council; and
- the use of £3.399m in 2024/25 to fund time-limited costs and budget allocations to accommodate the differences in timing between spending need and ongoing resource through delivery of savings and/or income and as agreed in the MTFS approved as part of the budget in February 2024.

7.2. Based on the Q1 forecast, without mitigating action, the £13.485m remaining balance in the Short-Term Financial Risk Reserve (contained within the Management of Financial Risk reserves in the table above) will be fully utilised by the end of the financial year. To make good this position, the Financial Recovery Plan, including the spending controls target, will ensure this reserve is topped up to an acceptable level by the end of 2024/25 to provide continued resilience for setting and managing the 2025/26 budget.

7.3. The impact of the current forecast revenue position will be a reduction in reserves by a net £47.458m. Using this level of reserves to mitigate unplanned overspends is not sustainable. Whilst currently our reserves remain robust, with the planned use of reserve appropriate and managed over the medium-term, it is critical that Services continue to identify solutions to mitigate the current year overspend.

7.4. As part of the MTFS refresh a detailed reserves review will take place working jointly with Directorate and Service Leadership Teams with the aim to identify reserve balances that can be released to support the MTFS and the Council Plan.

8. Capital

8.1. The forecast 2024/25 capital expenditure directly controllable by the Authority is £161.759m. The Q1 forecast capital position represents a decrease of £27.241m in anticipated spend compared to the Q1 approved budget of £189.001m. The changes to forecasts consist of new schemes, budget reprofiles, net underspends and delays. Additionally, there was a reduction of £1.440m in S278 schemes spending in 2024/25. Spend on WPDG, WIF and Asset Replacement Fund schemes remains constant at £40.754m.

8.2. The 2024/25 forecast against budget by each Service is set out in Table C1 below.

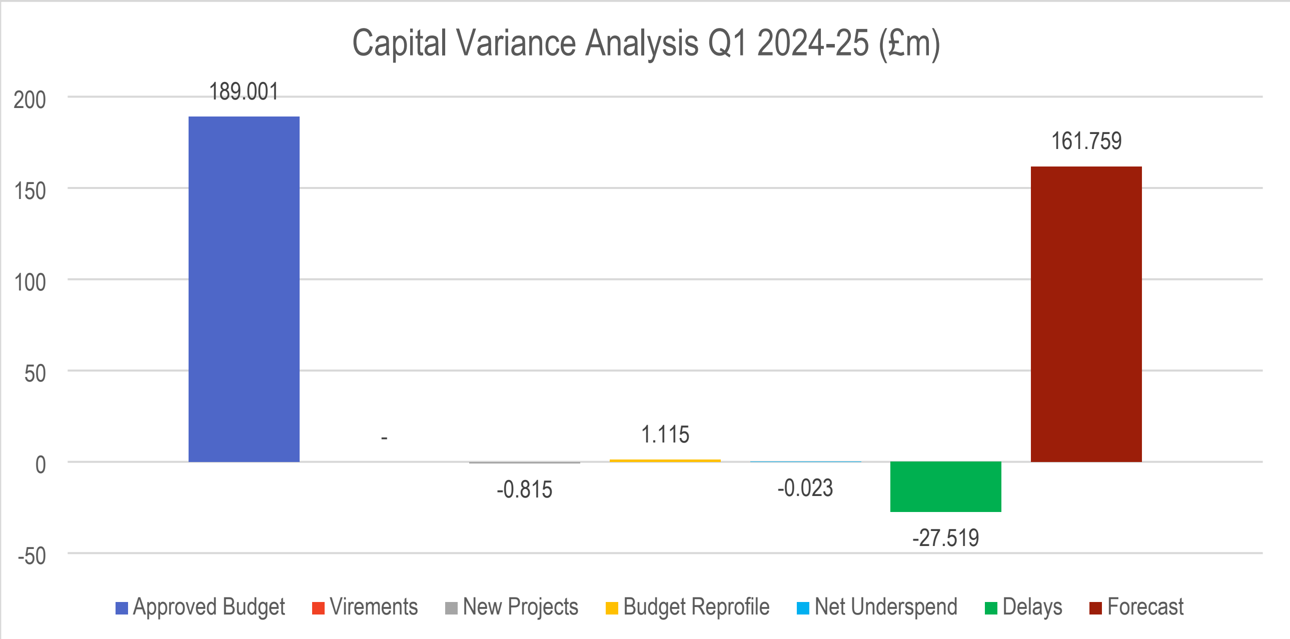
Table C1: Capital Variance Analysis Q1

	2024/25		
	Approved Budget £m	Forecast £m	Variance £m
Environment, Planning & Transport Services	51.498	47.709	-3.789
Fire and Rescue	4.528	4.528	0.000
Economy & Place	12.280	12.018	-0.262
Strategic Infrastructure & Climate Change	5.995	5.306	-0.690
Communities	**74.301**	**69.560**	**-4.741**
Children and Families	2.023	1.890	-0.134
Education Services	89.068	67.137	-21.931
Children & Young People	**91.092**	**69.027**	**-22.065**
Social Care & Support	0.313	0.313	0.000
Health & Care Commissioning	5.896	5.896	0.000
Social Care & Health	**6.210**	**6.210**	**0.000**
Workforce & Local Services	0.503	0.503	-0.000
Enabling Services	16.146	15.711	-0.436
Strategy, Planning & Governance	0.750	0.750	0.000
Resources	**17.399**	**16.963**	**-0.436**
Controllable capital programme	**189.001**	**161.760**	**-27.241**
Corporate: WPDG / WIF / ARF	40.754	40.754	0.000
WCC Capital Programme	**229.755**	**202.514**	**-27.241**
S278 funded schemes	8.362	6.922	-1.440
Total Capital Expenditure	**238.117**	**209.436**	**-28.681**

*Please note there are three projects in health and care commissioning that will move to be included under Public Health. These were moved after the report deadline and so the changes will be reflected at Q2.

8.3. Graph C1 explains the changes between the 2024/25 approved budget of £189.001m and the forecast spend of £161.759m.

Graph C1: Capital Variance Analysis Q1



* The figures in the graph above exclude S278 and Corporate Schemes.

8.4. The movement from approved budget after outturn shows the changes in capital programme spend, made up of:

- Reprofiled and delayed projects – these are schemes where the project timeline has been reprofiled or there has been a delay in the time scale for delivery. The project is still being delivered and with no material change in cost, but the benefits of projects will not be realised in the timeframe originally anticipated. The net position is that there is £26.404m (£27.519m less £1.115m) of project expenditure which has been reprofiled into future years, and work is ongoing to make estimates of planned delivery more realistic to ensure reprofiling only occurs where delays are uncontrollable. The key reasons for the current delays are provided in **Appendix B** of this report and they include availability of contractors and materials, project reviews and redesigns due to inflationary pressures and longer than anticipated procurement and planning processes.

- New projects – these are projects recently added to the capital programme or projects where costs have risen as a result of a substantial change in scope. These schemes have been added through formal governance processes, with financing made available from the Capital Investment Fund or funded by third parties.

- Projects with Increased Spend – these are schemes where project costs have risen above the level previously expected and additional funding has been arranged. This may be in the form of a contribution from a Service's revenue budget, the use of Basic Need grant funding or additional developer contributions for education projects or increased grants. In many cases the impact of this is that there is less funding available for other projects/activity.

- Underspent projects – these are schemes which have been delivered under budget. The impact of this is that funds are no longer required for a specific scheme. This may mean the Authority will be able to recycle funds to alternative projects or borrow less to fund capital spend in the future.

8.5. The net increase of new projects to the capital programme of £0.120m in 2024/25 requires that an equivalent amount of additional funding has also been identified.

8.6. Table C2 provides a summary of the 2024/25 capital spend by service. Further detail is provided in **Appendix B and C**.

Table C2: Comparison of approved budget to forecast for 2024/25 capital spend by service

Service	Approved budget 2024-25	New projects at Q1	Net over / underspend forecast	Budget Reprofile in year	Delays expected	Forecast In year capital spend	% of delays
	£m	£m	£m	£m	£m	£m	
	A	B	C	D	E	F=Sum(A:E)	G= E/Sum(A:C)
Environment, Planning & Transport Services	51.498	-0.129	0.000	0.983	-4.642	47.709	-9.04%
Fire and Rescue	4.528	0.000	0.000	0.000	0.000	4.528	0.00%
Economy & Place	12.280	-0.020	0.000	0.000	-0.242	12.018	-1.97%
Strategic Infrastructure & Climate Change	5.995	0.000	0.000	0.000	-0.690	5.305	-11.51%
Children & Families	2.023	0.000	-0.034	0.014	-0.113	1.890	-5.68%
Education Services	89.068	-0.666	0.012	0.000	-21.278	67.137	-24.07%
Social Care	0.313	0.000	0.000	0.000	0.000	0.313	0.00%
Health & Care Commissioning	5.896	0.000	0.000	0.000	0.000	5.896	0.00%
Workforce & Local Services	0.503	0.000	0.000	0.000	0.000	0.503	0.00%
Enabling Services	16.146	0.000	0.000	0.119	-0.555	15.710	-3.44%
Strategy, Planning & Governance	0.750	0.000	0.000	0.000	0.000	0.750	0.00%
Services Capital Programme	**189.001**	**-0.815**	**-0.022**	**1.115**	**-27.519**	**161.759**	**-14.56%**

Corporate (WPDG & WIF & ARF)	40.754	0.000	0.000	0.000	0.000	40.754	0.00%
WCC Capital Programme	**229.755**	**-0.815**	**-0.022**	**1.115**	**-27.519**	**202.514**	**-11.98%**
S278 Developer Funded Schemes	8.362	0.935	0.013	0.000	-2.388	6.922	-25.65%
Total Capital Expenditure	**238.117**	**0.120**	**-0.009**	**1.115**	**-29.907**	**209.437**	**-12.56%**

8.7. The Capital Investment Fund (CIF) balance, which is not included in the above figures, is £104.934m as of 30 June 2024 over the five years of the MTFS, a further year's allocation was added on to the balance as part of the MTFS refresh in February 2024.

8.8. Where schemes are in the early stages of design and costing there is a risk that project costs have significantly risen due to inflation. This may mean in some cases the original scheme is not likely to be achievable within the current approved funding envelope. Decisions about whether to proceed or if the projects should be scaled back or aborted will form part of the development of the Capital Investment Fund pipeline as part of the 2025/26 MTFS Refresh. Any abortive costs on discontinued schemes would need to be funded from revenue resources.

8.9. The total all years' capital programme is shown in Table C3 below.

Table C3: Total all years' capital programme

	All Years 24-25 onwards		
	Approved Budget £m	Forecast £m	Variance £m
Environment, Planning & Transport Services	119.787	122.301	2.514
Fire and Rescue	4.528	4.528	0.000
Economy & Place	27.032	27.125	0.093
Strategic Infrastructure & Climate Change	28.054	28.093	0.040
Communities	**179.401**	**182.047**	**2.647**
Children and Families	2.023	1.989	-0.034
Education Services	120.199	120.316	0.117
Children & Young People	**122.222**	**122.305**	**0.082**
Social Care & Support	0.313	0.313	0.000
Health & Care Commissioning	5.896	5.896	0.000
Social Care & Health	**6.210**	**6.210**	**0.000**
Workforce & Local Services	0.503	0.503	-0.000
Enabling Services	17.367	17.367	0.000
Strategy, Planning & Governance	0.750	0.750	0.000
Resources	**18.620**	**18.620**	**-0.000**
Controllable capital programme	**326.452**	**329.182**	**2.729**
Corporate: WPDG / WIF / ARF	159.608	159.608	0.000
WCC Capital Programme	**486.060**	**488.789**	**2.729**
S278 funded schemes	10.492	11.246	0.754
Total Capital Expenditure	**496.552**	**500.035**	**3.483**

Capital Financing

8.10. Local authorities are required to consider their gross capital spend and how it is financed separately. This is because where allowed, at a whole Council level, it is more cost effective to make use of any external capital resources (primarily government grants and capital receipts) before taking out additional borrowing. The approach delays the time when an authority needs to take out additional borrowing and avoids the impact of additional borrowing costs (interest and the provision for principal repayments) on the revenue budget. For forecasting purposes, we accurately reflect how individual schemes are being financed so that the CFR (Capital Financing Requirement) and MRP (Minimum Revenue Provision, the technical name for the provision for principal repayments) prudently reflect and provide for the repayment of debt.

8.11. The most significant variable in financing the capital expenditure is forecasting the timing of the delivery of capital receipts. Capital receipts, including from the sale of County Council assets and the repayment of WPDG and WIF loans, are used to avoid the need to incur additional borrowing. Any shortfall in the level of expected receipts may require the Authority to borrow externally sooner than expected.

8.12. The timing of when additional borrowing is taken out will depend on the Authority's overall cash position which may provide an opportunity to borrow internally from other Council resources in the short term to minimise the impact of financing long-term external borrowing on the revenue budget. Monitoring of longer-term balance sheet projections will continue to be undertaken to ensure the Authority maximises its resources.

8.13. Table C4 below provide further detail on how the approved 2024/25 capital programme and 2024-29 Capital MTFS are currently planned to be financed.

Table C4: Capital Financing

	2024/25 budget £m	2024/25 forecast £m	2025/26 budget £m	2025/26 forecast £m	2026/27 and later budget £m	2026/27 and later forecast £m
Corporate Borrowing	93.593	80.635	89.930	94.319	46.798	-
Grants and Contributions	138.674	124.855	48.632	73.988	3.541	51.902
Capital Receipts	3.016	2.853	0.552	0.931	0.336	0.816
Capital Receipts - WIF	-	0.091	4.400	0.107	46.000	46.687
Capital Receipts - WPDG	2.170	0.389	5.019	3.795	13.227	18.053
Revenue	0.664	0.613	-	-	-	-
Total	**238.117**	**209.437**	**148.533**	**173.140**	**109.902**	**117.458**

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

8.14. The borrowing figure shown is the gap between our spending and the funding available to us, which is called the CFR (Capital Financing Requirement). The Council manages cash as a whole, so even where borrowing is shown as a form of financing in this graph it does not mean new external borrowing will be necessary straightaway. In the short-term it may be more cost effective to use our cash balances, but it is a measure of the borrowing that will be needed over the medium to long-term. Our borrowing is compliant with the Prudential Code, and we assess our level of borrowing against comparator councils in formulating the annual capital strategy.

9. Financial Implications

9.1. The report outlines the forecast financial position of the Authority at 2024/25 Quarter 1. There are no additional financial implications to those detailed in the main body of the report. The report sets out how the Council's risk reserves will be used to fund the forecast overspend in 2024/25 and outlines the mitigating actions to bring the forecast overspend down.

9.2. The two key financial issues are firstly in managing and reducing the in-year forecast overspend through the mitigation strategy set out in this report and, secondly, that the MTFS should reflect the need to put sustainable solutions in place for those services reporting material demand-led overspends; the need to ensure the ambitions of the capital strategy are aligned to the capacity to deliver; and that any plans developed to balance the budget going forward are robust so any decisions can be taken promptly.

10. Environmental Implications

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

11. Background Papers

11.1. None.

Appendices

Appendix A – Commentary on service revenue forecasts
Appendix B – Commentary on service capital forecasts
Appendix C – Service level reserves, savings and forecasts

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No elected members have been consulted in the preparation of this report.