Appendix A

Commentary on Service Revenue Forecasts

This Appendix provides commentary on the service revenue forecasts shown in Section 4 of the main report.

Children & Young People Directorate

Children & Families – (£12.129m overspend; +11.7%)
Explanation of expenditure funded by the Investment Funds (£1.664m)
The **Continuous Improvement Plan** (CIP) has been set for the financial year ahead and the £1.664m spend represents the expected spending to deliver the plan. This will be met from the Children's Transformation earmarked reserve (funded from a ring-fenced grant). The CIP was provisionally a 24-month plan but will stretch over 3 financial years with 25/26 being the final year and due to nature of proposals may be subject to change especially with the timings of activity.
Explanation of the expenditure funded by Earmarked Reserves (£0.101m)
ACE - £0.060m overspend - The small overspend represents a predicted shortfall on the selling of placements. **Priority Families – £0.134m underspend –** Due to the LA being accepted within the DfE Family First Pathfinder Programme the planned use of staffing resources has reduced, resulting in this underspend. **Costs for Children on Remand – £0.191m overspend -** This is an extremely volatile area of expenditure based on children on remand at any point in time and is subject to the decisions of the courts. The costs of the remand places are nationally mandated, so there is no ability to commission different models / options. The forecast is predicated on the costs incurred so far this year, estimates of how long children currently on remand will remain so, (and estimates of new cases in the year. **Earmarked Leaving Care grant – £0.016m underspend -** There is a minor underspend due to staffing and operational costs.
Explanation of the Remaining Service net overspend (£10.364m)
The remaining service variation of £10.364m is broken down into the following areas: **Children in Care Placements** The overspend is currently £6.114m, with Residential Care overspending by £7.221m and all other placements underspending by £1.107m. Predicted weeks to be purchased are 4,801 compared to 4,158 for 2023/24. This is a rise of 643 weeks / 15%. The predicted number of weeks is the equivalent of having over 92 children in residential care every day for the year. On top of this demand increase, the average weekly unit cost has risen by 15% from £5,760 per week in 2023/24 to £6,604 per week, which is a 15% / £0.044m per year rise. To try and mitigate this rising trend a fortnightly residential placement meeting is held to review plans for each individual child.

Children's Homes
The opening of the children's homes is progressing although still not fully utilised. This means that the overall forecast for children's homes is a £1.677m overspend, mostly due to staffing. The fourth home is still to be purchased. Plans to move children from residential care to these homes is reviewed fortnightly with an emphasis on attaining an occupancy level of at least 67% to break even. There are currently 5 children placed out of a possible 11 places available.

External Fostercare
External Fostercare is currently showing an underspend of £0.381m - a reduction of 228 weeks compared to 2023/24. There are currently 139 children placed, which is a reduction of 8 compared to 2023/24. While the weekly cost has increased by 3% compared to the 2% allowed for in the budget, the number of children being placed has reduced, and this has more than offset the additional weekly cost, resulting in this underspend.

Internal Fostercare
Although the Internal Fostercare budget was increased this financial year by £0.475m in order to maximise the more cost-effective placements, it is so far predicting a large underspend of £0.676m. Weeks are significantly down by 1,810 weeks (11%) compared to 2023/24. The number of weeks has been reducing over several years with the number of foster care households also reducing. Rates were increased by 4% and are in line with national minimum weekly allowance for England to ensure that we remain competitive.

Staffing
Agency Staffing expenditure is forecasted to be £1.186m overspent. Control measures to limit the number and length of contracts have been put in place to ensure that only the most essential spend is being incurred. A recent review (14 June 2024) concluded that 10 of the 35-agency staff would be remaining by 1 September 2024.

Establishment staffing is forecasted to overspend by £2.336m. This is predominately due to teams holding fewer vacancies, staff being at the top of their pay scales, maternity cover and a number of unbudgeted staff over establishment to cover increases in demand.

Savings Update
There are a number of savings that have been identified early and set aside. These total £1.959m and are both one-off and on-going. This is offset by the continuing large overspend on unregulated care packages which is currently £0.625m. These children are temporarily unable to be accommodated by the external market and so this budget is having to incur high costs to meet their short-term needs with packages costing up to £0.030m each week per child. There are currently 6 children accommodated with end dates early into 25/26. The Unaccompanied Asylum Seeking Children (UASC) grant is also under great pressure this year with dwindling numbers, which reduces the amount that can be used to cover costs of support to the Asylum service elsewhere in Children and Families. The effect is an under-achievement against the savings target of £0.497m.

Impact of MTFS *(E.g., Risk of Savings **Not** being delivered or increased pressures not previously identified. What plans does the service have to bring the budget back inline to ensure a balance MTFS?).*
Unless lasting reductions in the overspends are delivered these will add to the MTFS pressures. The vast majority of the MTFS savings for 2025/26 are predicated on savings related to placements and staffing. As a result of the forecast overspends at Quarter 1, the Senior Leadership Team in collaboration with Finance and Health and Care Commissioning is developing an Emergency Finance Plan for the Executive Director., This will concentrate (though not exclusively) on the major overspends above.

Education Services Non DSG (£0.824m overspend; +7.7%)
Explanation of the Investment Funds underspend (£0.034m)
There has been some minor slippage on staffing expenditure on the £1.3m Education Transformation Programme. In addition, maximising expenditure of the £1m DfE Developing Best Value for SEND (DBV) grant has reduced the call on the investment funds.
Explanation of the expenditure funded by Earmarked Reserves (£0.278m)
This consists of • £0.120m is for practical support needed for schools in financial difficulty • £0.158m Planned use of the School Improvement and Monitoring grant.
Explanation of the Remaining Service net overspend (£0.580m)
The main areas of overspend relate to the SEND & Inclusion Service with two services under pressures due to demand increases and the need to meet statutory timescales. • £0.406m Education Psychology Overspend is due to the use of consultants/agency staff to complete statutory work within timescales. This is being substantially mitigated by the reduction in the traded offer, which is releasing permanent staff time for statutory activity, • £0.374m SENDAR Assessment The main drivers for this overspend are increased legal fees and mediation work, with legal fees estimated to overspend by £0.182m and mediation fees by £0.126m, both based on 20% growth since the 2023/24 outturn. • These two major areas of overspend have been offset by staff vacancies as well as the early achievement of some future MTFS savings.
Impact of MTFS *(E.g., Risk of Savings **Not** being delivered or increased pressures not previously identified. What plans does the service have to bring the budget back inline to ensure a balance MTFS?).*
If the forecasted demand for EHCPs continues the resulting overspend on SEND & Inclusion will cause a significant pressure on the MTFS.

Education Services DSG – (£33.910m overspend; +11.4% of gross grant)
Explanation of the DSG net overspend
The overspend and continued pressure continues to be within the DSG High Needs Block (HNB) Services with a £35.431m overspend. This is offset slightly by net underspends in the other DSG blocks of £1.521m. The overspend consists of the anticipated Delivering Best Value (DBV) budgeted overspend of £17.900m, plus a further overspend now being forecast by Services of £19.814m. This is offset by a Schools Block contribution of £2.283m, giving a net increase from the planned overspend of £17.531m. The vast majority of expenditure of the HNB relates to individual children, 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 largest overspends are: - **Top ups to mainstream schools £5.425m overspend**. The service budgeted to purchase 2,044 top ups at an average of £9,528 each. However, it is now forecast to pay for 2,292 top ups at £10,744 each. The increase in the number of top-ups is causing a forecast overspend of £1.447m and the unit price variance an overspend of £2.774m. The remaining overspend relates to services that are not measured by price and volume such as one-off additional costs for pupils, claw backs and old year costs. **Top ups to Special schools £1.993m overspend.** The service budgeted to purchase 1,675 top ups at an average cost of £17,750. It is now forecast to purchase 1,718 units at an average cost of £14,285. This overspend relating to volume is £0.812m, offset by an underspend relating to price of £2.439m. However, there are a series of other uplifts across the totality of top ups which result in a further overspend of £3.6m **Independent Special schools £8.856m overspend.** The service budgeted to purchase 470 placements at £52,124. The forecast is suggesting 524 FYE placements at £66,328. The unit cost increase is 27%. **Post 16 £0.930m overspend**. There are overspends of £1.078m resulting from savings not yet identified/achieved, offset by clawbacks. The service is budgeted to purchase 903 places at £15,971. The forecast suggests 674 places to be purchased at £21,124. The unit cost increase is 31%. This gives underspends relating to volume of £4.566m offset by overspends relating to price of £4.418m. **SENDAR Alternative Provision £2.245m overspend.** The spend on this service has already breached the annual budget. The service was budgeted for 28 places at £0.018m. The projections show 83 FYE at £0.035m, a unit cost double the price predicted/experienced in past.

Impact of MTFS *(E.g., Risk of Savings **Not** being delivered or increased pressures not previously identified. What plans does the service have to bring the budget back inline to ensure a balance MTFS?).*
As part of Warwickshire's financial resilience, the authority holds a DSG offset reserve which currently totals £39.488m. In addition to this the Council will continue with the approach adopted in recent years and will set aside £18m of one-off funding to match the original forecast high needs block deficit for 2024/25 as set out in the DBV mitigated recovery plan. However as mentioned above the forecast 2024/25 overspend of the HNB is almost double the £18m amount set aside in 2024/25. As noted in the December MTFS report to Cabinet, it is not affordable for the Authority to make provision for the deficit from now onwards. The financial assumption is that the Authority will take advantage of the statutory override from this year onwards and will commit to implementing the options made available by central government to make good the accumulated deficit when the statutory override is lifted.

Communities Directorate

Economy & Place - (£1.158m overspend; +4.9%)
Explanation of the Investment Funds (-£0.046m)
The underspends forecast relate to: • £0.032m from the Project Warwickshire programme for the tourism, leisure & hospitality sector which was agreed by Cabinet in April 2021. The funding is spent on salaries of those supporting businesses as well as other costs like marketing and venue hire. Since funding has been secured from the new UK Shared Prosperity fund (UKSPF) the RIF element will have an in-year underspend. • £0.014m on the Art Challenge project which was a 3-year project to fund Art installations across the County. It is anticipated that the £0.014m will be required for 2025/26 as the art pieces are due to be decommissioned then so the residual funding will be required to deal with any costs that arise from that.
Explanation of the Earmarked Reserves (£0.326m)
The expected movements on reserves are: • £0.239m contribution from reserves for Speed Awareness and Warwickshire Road Safety Partnership • £0.087m contribution from reserves for Business & Economy
Explanation of the Remaining Service net overspend (£0.880m)
The net service overspend of £0.880m is mainly due to the following: • An overspend of £0.652m forecast within Traffic & Parking largely as a result of the income target on car parking being unachievable. This is in part due to increased costs associated with the parking enforcement contractors. • Changes in the scope and length of the Rugby Parkway project have led to an overspend of £0.350m being forecast. This is as a result of the duration increasing from 9 to 33 months, delays in planning, land acquisition and negotiations. • Country Parks are forecasting and overspend of £0.204m because of car parking income and event income not being achievable. Despite the change to become VAT exempt parking income has been impacted by poor weather. Event bookings have been low to date and there have also been a number of late notice cancellations.

• A forecast overspend of £0.194m at the Household Waste and Recycling Centres due to increased staffing, vehicle and premises costs. These overspends are partly offset by the following underspends: • An underspend of £0.267m is forecast across Waste Services mainly due to the expected savings following the renegotiation of the Composting contract. • Additional grant funding of £0.214m being received within Transport Planning, Policy & Strategy.
Impact of MTFS *(E.g., Risk of Savings **Not** being delivered or increased pressures not previously identified. What plans does the service have to bring the budget back inline to ensure a balance MTFS?).*
The forecast overspend within Country Parks may mean that the income savings of £0.025m within the MTFS for the current year are not achievable.

Environment, Planning & Transport - (£8.710m overspend; +12.0%)
Explanation of the Investment Funds (£0.000m)
No investment funding
Explanation of the Earmarked Reserves (£0.220m)
• The expected drawdown from reserves of £0.220m relates to s38 Developer Funding for Planning Delivery.
Explanation of the Remaining Service net overspend (£8.489m)
The indications at Quarter 1 are that Home to School transport will overspend by £8.463m. this comprises of the following: • £4.094m overspend on Mainstream transport, £4.477m overspend on SEN transport partially offset with a forecast underspend of £0.109m on Children in Care transport. • The main reason for the forecast overspend is the continued growth in both the Mainstream and SEN areas being in excess of that predicted last summer when the MTFS was being prepared. • Costs per journey 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, data cleansing and route reviews. • Assumptions were made at the time the MTFS was being set that growth in Mainstream would be 10% over the time period 2022 to 2029. The reality is that the increase in 2023/24 alone was 9.5%. Similarly, growth in SEN was estimated to be 8.5% over the MTFS period but actually grew by 18.5% in just 2023/24. • Significant work has been undertaken to improve the model used for forecasting spend and this now uses actual journeys, predicted growth and the number of actual school days falling within the financial year. In 2024/25 due to when Easter falls there are a higher number of school days within the financial year than last year, the impact of this is an additional £3.4m spend. This was not part of the consideration in the MTFS growth calculation which focused purely of sufficiency of places and growth in pupil numbers. The service is seeking to mitigate the level of overspend, however, without fundamental changes to policies of both the Council and nationally there is limited ability to impact the numbers accessing Home to School transport. Work is ongoing through the improvement project workstreams to reduce costs and improve the efficiency of the service through route reviews, data cleansing and changing the admissions process.

Impact of MTFS *(E.g., Risk of Savings* ***Not*** *being delivered or increased pressures not previously identified. What plans does the service have to bring the budget back inline to ensure a balance MTFS?).*
The current forecast overspend within Home to School transport means that any MTFS savings will not be achievable in year.

Fire and Rescue - (£0.533m overspend; +2.1%)
Explanation of the Investment Funds (£0.310m)
Funding of £0.310m is expected to be received towards the Fire Control Room project.
Explanation of the Earmarked Reserves (£0.000m)
No movement on reserves is forecast
Explanation of the Remaining Service net overspend (£0.223m)
The net overspend arises from: • An overspend of £0.510m forecast in Response and Protection due to inflationary pressures within Technical Support and Transport as well as anticipated overtime costs during the implementation of the Resourcing to Risk proposals. This is partially offset by: • An underspend of £0.359m within the salary budget due to the holding of vacancies within the On Call area ahead of Resourcing to Risk.
Impact of MTFS *(E.g., Risk of Savings* ***Not*** *being delivered or increased pressures not previously identified. What plans does the service have to bring the budget back inline to ensure a balance MTFS?).*
The forecast overspend means that the MTFS savings of £0.71m are not going to be achievable.

Strategic infrastructure and Climate Change – (£0.345m underspend; -18.9%)
Explanation of the Investment Funds (£0.000m)
No investment funding
Explanation of the Earmarked Reserves (£0.000m)
No movement on reserves is forecast
Explanation of the Remaining Service net underspend (£0.345m)
The underspend has arisen through the settlement of over 3 years' worth of HS2 reimbursement income and is essentially 'windfall' income for this financial year. It is likely that this figure will increase but this cannot be quantified yet as it is still under negotiation.
Impact of MTFS *(E.g., Risk of Savings* ***Not*** *being delivered or increased pressures not previously identified. What plans does the service have to bring the budget back inline to ensure a balance MTFS?).*
No impact on the MTFS

Health & Social Care Directorate

Health & Care Commissioning Service – (£0.466m overspend, 3.9%)
Explanation of the Investment Funds (£0.000m)
Not Applicable
Explanation of the net transfer from Earmarked Reserves (£0.638m)
£0.638m to be drawn down from Social Care and Health Partnerships Reserve in relation to 18 separate partnership funded workstreams, focused on the integrated commissioning of Learning Disability and Autism (LD&A). The most significant element of expenditure is £0.673m for Community Autism Support Services with others ranging in value from £0.005m for Brightstar Evaluation to £0.126m for Coventry and Warwickshire Partnership Trust. In total there is £2.084m expenditure to be incurred this year funded by ICB contributions (£1.101m), Coventry City Council (£0.187m) and Warwickshire County Council (£0.158m) with the balance of £0.638m to be funded from the reserve. At the start of 2024/25 the balance on the reserve was £1.225m, leaving a balance for future years of £0.587m.
Explanation of the Remaining Service net underspend (£0.172m, -1.5%)
The underspend is due to scrutiny of income and expenditure budgets resulting in identification of core budget that can be released.
Impact on MTFS
No adverse impacts foreseen. There is a history of underspends increasing as the year progresses.

Social Care & Support Service – (£15.998m overspend, 7.6%)
Explanation of the Investment Funds (£0.035m)
The in-year underspend on the Integrated Care Record project is needed for 2025/26 following the extension of the completion date for this work.
Explanation of the net transfer from Earmarked Reserves (£0.842m)
£0.744m ICB contribution to costs of the Community Recovery Service and £0.098m drawdown of partnership funding for the Safeguarding Board.
Explanation of the Remaining Service net overspend (£15.191m, 7.2%)
The financial pressures on Social Care & Support in recent years have continued to grow in to 2024/25. The increased spending in Adult Social Care since the start of the financial year is driven by increases in the volume of packages of care with the cost remaining relatively stable in some categories and, on average, not increasing beyond the level of inflation awarded. **Disabilities 25+** Disabilities 25+ have an overspend of £7.106m, 7% above budget. The volume of packages of care within Learning Disability Services is 32% and Physical Disabilities is 19% above the level which was affordable and within budget. The £7.106m pressure is across all areas of care although greatest in supported living of £3.499m and residential care of £1.472m. • Clients with supported living arrangements were budgeted at 519 clients based on the average cost; at Quarter 1 client numbers are 736. The overspend is due to client numbers being 41% higher than budgeted.

- 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 of c£0.5m in each offset by a c£0.3m staffing underspend.

In terms of the relative changes to costs and volume, there has been a:

- 60% increase in the number of domiciliary care clients compared to the budgeted level.
- 10% increase in the number of clients receiving direct payments.
- 2% increase in costs and 3% increase in the volume of nursing packages of care for those with Physical Disabilities

Older People

The Older People Service has an overspend of £5.492m, 8% above budget.
The volume of packages of care within Older Peoples Services is 18% above the level which was affordable and within budget. The overspend is after being substantially offset by closely correlated increased client contributions.

The £5.492m pressure relates predominantly to residential, nursing and domiciliary care.

- Client numbers in residential care were budgeted at 1063 based on the average cost; at Quarter 1 client numbers are 1232. The overspend is due to client numbers being 16% higher than budgeted.
- Client numbers in nursing care were budgeted at 447 based on average cost; at Quarter 1 client numbers are 554. The overspend is due to client numbers being 24% higher than budgeted.
- Client numbers in domiciliary care were budgeted at 1587 based on the average cost; At Quarter 1 client numbers are 2047. The overspend is due to client numbers being 29% higher than budgeted.

Over the last year we have been reporting the use of costly placements due to difficulties in sourcing packages of care at WCC standard framework rates. At Q1 2024/25, compared to 2023/24, there are early indications of better average rates being achieved when individually negotiated. However, the trend of needing to negotiate outside of the framework rate is continuing.

Reflecting over the longer term, in 2020/21 we were able to secure 49% of our residential care packages at the framework rate, this has reduced to 21%. Whilst nursing has always had a high proportion of care packages that are based on individually negotiated rates, this has risen from 72% in 2020/21 to 92% in 3 years. Providers cite the complexity of care needs as the rationale.

In terms of how much more expensive individually negotiated rates are, they were 21% more expensive for residential and 24% for nursing care in 2020/21. This rose to 38% and 44% in 2023/24. At Q1 2024/25 there has been an early improvement from year end to 34% and 40%.

Mental Health

Mental Health have an overspend of £1.989m, 10% above budget.

The volume of packages of care within Mental Health Services is 15% above the level which was affordable and within budget.

The overspend is mostly within supported living but also contributed to by residential care, domiciliary care and nursing.
The pressure in supported living is £1.217m and due to:

- Client numbers were budgeted at 169 clients based on the average cost; at Quarter 1 client numbers are 205. The overspend is due to client numbers being 21% higher than budgeted.
- Unit costs rising 4% above the rate of inflation provided (although cost has not been a pressure in Mental Health overall, this is a factor in the Supported Living overspend).

The remaining overspend of £0.772m is due to pressures in residential care, domiciliary care, and nursing of c£0.3m in each offset by a c£0.2m staffing underspend.

It terms of the relative changes to costs and volume, there has been a:

- 52% increase in the number of domiciliary care clients compared to the budgeted level.
- 4% increase in the number of clients in residential care.
- 3% increase in costs and 1% increase in the volume of nursing packages of care.

A contributing factor to the overspend is an increased proportion of new packages of care relating to individuals whose situations are not eligible for Section 117 funding meaning WCC is bearing the full cost. In addition, opportunity to agree joint funding is also limited whereas previously high-cost packages, where there is a presence of a health need, have been successfully negotiated. In order to mitigate, and with reference to the Memorandum of Understanding, management are continuing discussions with the ICB to streamline processes to agree S117 funding arrangements and also agree arrangements for funding non-Section 117 clients.

Adults Practice &Safeguarding
Adults Practice &Safeguarding has an overspend of £0.694m, 23% above budget. This is due to continuing and increasingly high inflationary pressures in delivering adults' transport.

Other budget areas
Other budget areas have a total £0.091m underspend. Integrated Care Services has an underspend of £0.497m which is staffing related due to retention and turnover challenges. This is offset by £0.378m overspend due to rising legal costs and £0.028m overspend in the Disabilities Transitions Team due to the cost of agency staff to cover vacancies.

At Q1, the Community Recovery Service (CRS) is forecasting to incur £1.861m expenditure in excess of the £5.675m budget (33%). This is not included in the forecasts above as whilst WCC are managing hospital discharges on behalf of Health, the overarching responsibility is with Health and not the council. It is critical to note the finances of CRS are managed within WCC and therefore if an overspend was to be incurred it would result in a cost to WCC.

The overspend is due to referrals at 60% above the affordable level of 32 discharges from hospital to the pathway per week. Discussions have commenced with the four hospitals and there has been verbal commitment in principle from two of the four to fund the overspend driven by usage of their hospitals. Since this conversation the overspend has increased. Capping referral numbers is increasingly likely for all four hospitals, to varying levels commensurate with the funding from the individual hospitals, to enable continuation.

Impact on MTFS
In light of the significant overspend, existing in year MTFS savings to be delivered via the management of care demand and cost, have not been achieved. However, 93% (all but £0.422m) of the £6.216m savings are forecast as achievable due to increases in client contribution income in excess of that budgeted and of the savings target, mitigating £3.138m of the £3.356 of the care demand and cost savings. In line with corporate guidance the Service are compiling a Financial Recovery Plan.

Public Health Service – (£0.104m overspend, 0.4%)
Explanation of the Investment Funds (£0.000m)
Not Applicable
Explanation of the net transfer from Earmarked Reserves (£0.018m)
Drawdown from the Social Care & Health Partnerships – Diabetes Reserve to fund diabetes screening
Explanation of the Remaining Service net overspend (£0.086m, 0.4%)
The relatively small overspend is staffing related.
Impact on MTFS
There is a history of underspends increasing as the year progresses, particularly regarding Drug & Alcohol related expenditure which is demand led. However, to provide a balanced view, the cost centre manager believes this to be unlikely for 2024/25. The overspend at Q1 is due to staffing. As a result, the increased vacancy factor built into years 3 and 4 of the MTFS is at a greater risk of being unachieved.

Resources Directorate

Enabling Services (£0.019m overspend; +0.07%)
Explanation of the Investment Funds (£0.473m)
The investment funding net overspend is made up of: • An overspend of £0.484m to be met from the Systems Replacement Fund • An underspend of £0.011m on the Intelligent-i Business Analytics project This overspend is offset by the following project underspends: • £0.082m - Reusable Components • £0.072m - Cloud Migration (Data Centre) • £0.010m - Data and Analytics project.

Explanation of the Earmarked Reserves (£0.141m)
The contribution to reserves comprises: • Contribution to reserves of £0.181m from funding received for the One Public Estate project. • Drawdown from reserves of £0.041m to cover the number of applications on the Household Support Fund
Explanation of the Remaining Service net underspend (£0.314m)
The forecast net underspend is largely as a result of the following: • Within Property Services an underspend of £0.608m mainly due to reductions in the costs of utilities as a result of new contracts being entered into and income being generated from external utility charges. There are also some in year vacancy, consultancy and agency savings across the area. • ICT & Digital are forecasting an underspend of £0.060m as a result of the Director allocating funding to the area from the centrally held project funding to mitigate the overspend on the Schools ICT service and pay for temporary support for the Customer Platform. The remaining underspend mainly arises from in year vacancy savings. • There is a forecast underspend of £0.056m in the Director area due to legal fees being lower than anticipated. These underspends are partially offset by the following: • A forecast overspend of £0.250m due to Digital Roadmap MTFS savings not being achievable in year. Mitigations will be found to recover this overspend. • Within Property and Smallholding an overspend of £0.187m is forecast mainly due to increased fees associated with capital projects, agency staff backfilling an established post and costs that arise from property disposals being delayed.
Impact of MTFS *(E.g., Risk of Savings **Not** being delivered or increased pressures not previously identified. What plans does the service have to bring the budget back inline to ensure a balance MTFS?).*
There is currently a risk to achieving the MTFS savings attributed to the Digital Roadmap in-year. The service will identify alternatives to ensure this saving is delivered.

Finance - (£0.014m overspend; +0.09%)
Explanation of the Investment Funds (£0.000m)
There is no investment funding
Explanation of the Earmarked Reserves (£0.019m)
The contribution from the reserve of £0.019m is in relation to the Schools Absence Insurance Scheme
Explanation of the Remaining Service net underspend (£0.004m)
The forecast underspend mainly comprises of: • £0.196m in year staff savings as a result of vacancies and additional income being received from secondments across Strategic Finance and Finance Delivery. This is largely offset by the following: • A forecast overspend of £0.096m within Business Support is mainly due to planned salary savings not having been achieved across the service. • Within Finance Transformation and Investments Treasury and Audit an overspend of £0.071m is forecast due to backfilling costs of a vacant post and additional training and consultancy required on the Unit 4 Cloud hosting project.

Strategic Planning & Governance - (£0.340m underspend; -4.7%)
Explanation of the Investment Funds (£0.120m)
The forecast overspend on investment funds relates to expected funding which will be transferred from the systems replacement fund. This overspend will reduce once funding has been approved.
Explanation of the Earmarked Reserves (£0.000m)
No movements on reserves are forecast.
Explanation of the Remaining Service net underspend (£0.460m)
The net underspend largely comprises of: • A forecast underspend of £0.352m in Legal Services as a result of increased income being received due to external work for Northamptonshire and being able to undertake some other work in house as opposed to outsourcing. • Community Partnerships are also forecasting to underspend by £0.163m which is mostly due to an ongoing restructure. These underspends are partly reduced due to the cost of a licence renewal of £0.078m which it was hoped would be funded from reserves, but this is not the case.
Impact of MTFS *(E.g., Risk of Savings **Not** being delivered or increased pressures not previously identified. What plans does the service have to bring the budget back inline to ensure a balance MTFS?).*
No impacts on the MTFS identified.

Workforce and Local Services – (£0.087m underspend; -0.79%)
Explanation of the Investment Funds (£0.000m)
There is no investment funding.
Explanation of the Earmarked Reserves (£0.046m)
There is a forecast contribution of £0.046m from the Apprenticeship Fund reserve to meet a forecast overspend on Apprentices.
Explanation of the Remaining Service net underspend (£0.133m)
The forecast underspend is mainly as a result of: • Forecast overachievement of income and savings on in year staff vacancies of £0.140m within HR Advisory and HR Service Centre. • Within People and Organisational Development an underspend of £0.053m is forecast due to in year staff vacancies (£0.045m) and savings on not providing meals on training courses (£0.08m). These underspends are partly offset by the following: • Forecast overspends in Libraries, Registration and Heritage of £0.051m due to staffing, backfilling with Agency staff and under achievement of income within the library service.
Impact of MTFS *(E.g., Risk of Savings **Not** being delivered or increased pressures not previously identified. What plans does the service have to bring the budget back inline to ensure a balance MTFS?).*
It is anticipated that due to the overspends within the Registration Service the £0.028m additional income target in the MTFS will not be achievable. This pressure will be resolved as part of the 2025/26 MTFS refresh process.

Corporate Services and Resources

Corporate Services and Resources – (£7.389m underspend; -10.2%)

Explanation of the Investment Funds (£0.000m)
N/A
Explanation of the Earmarked Reserves (£18.248m)
£18.000m contribution to earmarked reserves (Medium Term Financial Risk Reserve), to provide for the DSG High Needs deficit per the approvals in the 2024/25 budget. £0.267m underspend on the Capital Fund budget, used to fund the cost of asset disposals. This will normally be added to the Capital Fund earmarked reserve to fund costs of future asset disposals as part of the council's asset disposals strategy.
Explanation of the Remaining Service net overspend (£7.389m)
Remaining service variance is largely a result of Treasury Management income performance exceeding targets as interest rates have remained higher for longer than anticipated, these rates have been locked into fixed term deposits to protect against interest rate risk within the year. This income is being treated as windfall and cannot be relied upon to be achieved in future years as medium-term interest forecasts are predicted to reduce. Additional benefit from Warwickshire's participation in the Coventry & Warwickshire Business Rates Pool is generating windfall income from business rates which would otherwise be passed over to MHCLG. This additional income will only arise for as long as business rates pools exist.
Impact of MTFS *(E.g., Risk of Savings **<u>Not</u>** being delivered or increased pressures not previously identified. What plans does the service have to bring the budget back inline to ensure a balance MTFS?).*
Under delivery of savings from the WPDG income target are being mitigated using the Commercial Risk Reserve in 2024/25. Approval of the 2024 WPDG Business Plan by Cabinet in March 2024 demonstrates how WPDG and Develop Warwickshire building activity will accelerate in future years to ensure the MTFS target is met.