Commentary on Service Revenue Forecasts

This Appendix provides commentary on the service revenue forecasts shown in Section 3 of the main report.

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Children & Young People Directorate

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Explanation of the expenditure funded by Earmarked Reserves (£1.148m)
Adoption Central England - £0.108m underspend - The variance consists of a planned overspend on staffing, e.g. to cover maternity leave and sickness absence. This is offset by a £0.155m underspend on the inter-agency adoption purchasing/selling budget. This is a significantly different position to the previous 2 years and reflects that there is a shortage of adoptive parents nationally. **Priority Families – £0.135m underspend –** Due to the Council being accepted within the DfE Family First Pathfinder Programme & the early adoption of financial controls, there is a planned reduction in staffing, resulting in this underspend. **Costs for Children on Remand – £0.354m overspend -** This has increased from Q1 £0.163m. 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 remand places are nationally mandated, and there is no ability to commission different models / options. The forecast is predicated on 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. If the forecasted overspend materialises (or worsens) then the level of reserves will reduce to just £0.074m. If the trend in demand continues then any future overspend will impinge on the remaining service variance of Children & Families and ultimately on the Council's Short Term Financial Risk Reserve. **Earmarked Leaving Care grant – £0.017m underspend** due to staffing and operational costs. The **Continuous Improvement Plan** (CIP) spend £1.054m of represents the expected expenditure 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 Remaining Service net overspend +£5.629m; 5,4% Q1 forecast net overspend +£10.364m; 10.0%
The remaining service variation is broken down into the following areas: **Children in Care Placements** The overspend is currently £3.812m, with Residential Care overspending by £5.190m and all other placements underspending by £1.378m. **Residential Placements** Predicted residential weeks to be purchased are 4,763 compared to 4,158 for 2023/24. This is an increase of 605 weeks / 15%. The predicted number of weeks is the equivalent of having over 91 children in residential care every day for the year. On top of this demand increase, the average weekly unit cost has now risen by 8.1% from £5,760 per week in 2023/24 to £6,230 per week. The average cost for one full year residential place is now over £0.325m. A recent Local Government Association survey found the number of children's social care placements costing £10,000 or more a week had gone up from 120 to 1,510 in the four years to 2022/23. To try and mitigate this rising trend in weeks and rates a fortnightly residential placement meeting is held to review and refine plans for each child.

External Fostercare
External Fostercare is currently showing an underspend of £0.569m with a reduction of 348 weeks compared to 2023/24. While the weekly cost has increased by 4% 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 to maximise the more cost-effective placements, it is so far predicting a large underspend of £0.709m. Weeks are significantly down compared to 23/24 (16,288) - by 1830 weeks (11%). The number of weeks has been reducing over several years now with the number of fostering households also reducing i.e., 256 as of 31st March 2023 reduced by 10 to 246 for 31st March 2024 snapshot. Rates were increased by 4% and are in line with the national minimum weekly allowance for England to ensure that we remain competitive.

Supported Accommodation
For Q2 a realignment of expected demand increases and movements from existing residential packages was completed which has resulted in a reduction in the forecasted spend by £0.973m with an underspend of £1.276m, The underspend has increased due to the extensive reviewing of support hours, and also the speed and ability to increase early exit plans to move 17-year-olds into supported accommodation prior to their 18th birthday. However, if more supported accommodation is achieved, the forecast could reduce considerably in the coming months.

Children's Homes
The opening of the children's homes is progressing although places are still not fully utilised. This means that the overall forecast for children's homes is a £1.562m overspend, mostly due to staffing and not yet receiving income necessary to fund the staff (from the placement budget). 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 75% to break even. There are currently 5 children placed out of a possible 11/15 places available.

Staffing
Agency Staffing expenditure is forecast to be £1.384m 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 but plans have slightly slipped. There are currently 9 agency workers in post (3 Team Managers and 6 social workers), of which 4 social workers are due to end on 31st October while efforts will continue to minimise the use of agency staff by the end of the financial year (at Q1 the target date was 1st September).

Establishment staffing is forecasted to overspend by £2.492m. This is predominately due to teams holding fewer vacancies, staff being at the top of their pay scales, maternity cover (service is almost 90% female), and a number of unbudgeted staff over establishment to cover increases in demand primarily for front-line staff (and agreed prior to the introduction of spending controls). Future forecasts may shift slightly as the service implements its Family First restructure.

Children Transport
An area of concern is around transporting children (outside of the school transport contract). This is currently showing a £0.123m overspend but as the year progresses this has the potential to grow depending on the demand and therefore is difficult to accurately predict. 2023/24 actuals were £0.234m overspent. Staff transport is also predicting a £0.091m overspend.

Savings Update
There are a number of savings that have been identified early and set aside. These total £2.925m and are a mix of one-off and on-going.

This is offset by the cost of Extra Care for emergency provision in unregistered care arrangements, which is overspending by £1.341m. The "reassignment "of a single case from residential has accounted for the increased overspend on Extra Care by £0.893m. 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.

The Unaccompanied Asylum-Seeking Children (UASC) grant is also under pressure this financial year. Numbers of new arrivals to compensate for the rising 18s have dwindled over the first 4 months to just 5. This drastically affects the amount of grant income to be secured to cover the gross costs of supporting the Asylum service. The effect is an under achievement of £0.209m. It is hoped that volunteering to take more new arrivals through the National Transfer Scheme will be an on-going solution to take the pressure off this area this financial year and for the medium term.

There is a continuing over-spend on wrap around care of £0.104m.

Change in the Remaining Service position since the position reported at Quarter 1 (decrease in overspend of £4.737m)

As a result of early implementation of spending controls the service has seen a reduction in forecasts in many areas of the service, the primary items being:

- Placements – A reduction of £2.288m. £2.031m of this is on residential which has been the key focus of the in-year recovery plan.
- Leaving Care – A reduction of £1.079m due to reviewing all packages especially, additional support. The forecast has also reduced due to the lack of available provision that was envisioned at Q1.
- As a result of the early introduction of spending controls and reassessment of spending / grant plans further in year savings (and some permanent) of £0.966m have been identified.
- Large CWD underspend on Homecare £0.916m (although this is due to re-coding classification to residential).
- Extra Care increased overspend by £0.706m (again as a re-classification of a placement).

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. There is also the danger that later in the year (December onwards) changes to actual demand and cost changes will not be reflected in the MTFS.

WCC is one of seven to deliver the DfE's Families First Pathfinder Programme which aims to improve services to help more children stay with their families in safe and loving homes and protect vulnerable children from harm where needed. The Pathfinder Programme vision is to rebalance children's social care and avoid costly crisis intervention by offering more meaningful and effective early support.

Education Services NON DSG: £0.319m overspend; +2.98%

Q1 forecast: £0.824m overspend; +7.7%

Explanation of the expenditure funded by Earmarked Reserves (£0.141m)

This consists of:

- £0.180m is for practical support needed for schools in financial difficulty
- £0.158m planned use of the School Improvement and Monitoring grant.

There has been some minor slippage and decisions on staffing expenditure on the £1.297m 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. This is now predicting a £0.197m underspend.

Explanation of the Remaining Service net overspend: +£0.179m,1.7%

Q1 forecast net overspend +£0.580m, 5.43%

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.

- £0.137m overspend in Education Psychology, primarily due to a £0.675m overspend on external Education Psychologists costs for statutory work to meet demand within timescales. This is heavily mitigated by the improved position of the traded service and non-statutory SLA work for other areas of Education. These underspends are primarily due to staff vacancies that are unable to be recruited to despite high demand, which is causing an increase in more expensive agency spend.
- £0.381m overspend in SENDAR Assessment. The main driver is increases in legal fees and mediation costs resulting from an increased number of appeals and mediations (although the percentage of appeals has gone down, costs are still increasing due to the increases in demand). These increases result from having to meet the statutory duty of 20 weeks to issue plans, which is also causing a forecasted £0.072m overspend on establishment and agency staffing.

These overspends are offset by staff vacancies and reduced non-staff spend in line with spending controls, some improved trading positions, and early achievement of some MTFS savings.

Change in the Remaining Service position since the position reported at Quarter 1 (decrease in overspend by £0.403m)

This reduction is primarily due to the Education Psychology Service's improved performance, reducing the overspend reported at Q1 by £0.268m. The swift introduction of spending controls and early achievement / planning of 2025/26 MTFS savings has also contributed to this improved position.

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?).*

With the forecast demand for Education, Health and Care Plans continuing to grow and the service striving to meet increased demand within statutory deadlines, the resulting overspend on SEND & Inclusion has caused a significant pressure on the MTFS. There were 230 Education, Health and Care Plan needs assessment requests in July '24 (the highest ever). By comparison, the equivalent figure was 142 in June '24, 183 in May '24, 171 in April '24.

Education Services DSG: £40.661m overspend; +13.8% of gross grant of £294.943m
Q1 forecast: £33.910m overspend, +11.5% of gross grant

Explanation of the DSG net overspend

The overspend and ongoing pressure continues to be within the DSG High Needs Block (HNB) Services with a forecast £41.556m overspend (>50% above the HNB allocation of £80.2m. This is offset slightly by net underspends in the other DSG blocks of £0.895m.

The overspend consists of:

- The anticipated DBV budgeted overspend of £17.900m.
- Further overspends on HNB services over and above these uplifted budgets of 25.894m.
- The HNB overspend is being mitigated by the Schools Block contribution of £2.283m,[1] as well as minor changes to the DSG allocation, giving a net increase from the planned £17.9m overspend of £23.656m.

[1] This is the transfer of 0.5% from the Schools Block to the High Needs Block following the successful disapplication process for 2024/25.

The vast majority of HNB expenditure relates to individual children, with payments being made to Warwickshire schools or independent schools & colleges. These payments are either for the full cost of places or “top ups” to the funding Warwickshire schools already receive for these pupils. The largest overspends are: **Top-ups to mainstream schools £7.506m overspend** The service budgeted to purchase 2,044 top-ups at an average of £9,393 each. However, it is now forecast to pay for 2,228 top-ups at £11,970 each. • Overspend due to increase in number of top-ups: £1.733m • Overspend due to increase in average unit price: £5.742m T The remaining overspend relates to services that are not measured by price and volume such as one-off additional costs for pupils, clawbacks and old year costs. **Top-ups to Special schools £3.267m overspend** The service budgeted to purchase 1,612 top-ups at an average cost of £13,988. It is now forecast to purchase 1,681 units at an average cost of £14,444. • Overspend due to increase in number of top-ups: £0.968m • Overspend due to increase in average unit price: £0.765m However, there are a series of other exception / correction / adjustments of uplifts / matrix adjustments across the totality of top ups which result in a further overspend of £1.534m. **Independent Special schools (ISP) £10.854m overspend** The service was budgeted to provide 470 placements at an average cost of £55,106. The forecast is delivering 564 annual placements in 2024-25 at an average cost of £65,263, resulting in Day & Residential placements having a combined pressure of £10.876m. • Overspend due to increase in number of placements: £5.152m • Overspend due to increase in average unit price: £5.723m **Post-16 £0.378m overspend).** The service was budgeted to purchase 903 annual places at £14,740 each. The forecast suggests 693 services at £19,652 with the volume variance being a favourable £3.095m whilst the price variance is adverse £3.404m. When comparing the actual 2023-24 average unit cost of £15,851 with the 2024-25 forecasted average there is a projected 24% increase. **SENDAR Alternative Provision (AP)** There is a forecasted £3.278m overspend. The spend on this service has already breached the annual budget. The service was budgeted for 27.91 places at £17,991. The projections show 106.83 places at £35,308 (£36,000), a unit cost double the price predicted/experienced in past. The forecast increase of £0.131m is due to a slight volume (units) increased cost of £0.241m netted off by a small average unit cost decrease effect of £0.110m. The forecasted overspend is attributable to increased units by £1.420m and due to price increases by £1.850m **Alternative Provision Secondary** This service had a substantial reduction in budget due to the work carried out in conjunction with Newton Europe (as part of the Delivering Better Value programme). the service is in the process of changing delivery from spot contracts to block contracts and the intention is to bring expenditure down closer to the funding available. The number of Full Year Equivalent pupils on spot contracts is now at 66.86 with a unit cost of £24,037. It is anticipated that spot contract activity will reduce as the year progresses and new block contracts take up the workload. On top of the cost of spot contracts new block contracts are expected to cost £0.396m in 2024/25.
Change in the Remaining Service position since the position reported at Quarter 1 (increase in overspend of £6.752m)

The HNB increased overspend position since Q1 is £6.125m, consisting of:

- Mainstream School Top ups increased by £2.080m;
- Special School Top ups increased by £1.274m;
- Independent Special Schools increased by £1.998m;
- Post 16 places decreased by £0.553m;
- Alternative Provision Secondary increased by £0.382m; and
- SENDAR Alternative Provision increased by £0.844m.

The Early Years Block forecast underspend at Q2 has decreased by £1.131m since Q1 as a result of greater than anticipated take up both of existing provisions for 3- and 4-year-olds and of the new provisions for under 2- and 2-year-olds that became available in April and September. We are awaiting the first revised Early Years DSG allocation from the DfE.

Both the other two DSG Blocks had relatively small reductions in forecast since Q1:

- The Schools Block forecast reduced by £0.238m from a small overspend to an underspend of £0.198m (primarily due to a lower expectation of paying schools additional funding for exceptional pupil numbers also known as the Growth Fund)
- Central Services forecast underspend has increased by £0.267m (a mix of un-released contingency and revised costs charged by DfE for all school performance licenses).

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?).*

To support financial resilience, the authority holds a Medium-Term Financial Volatility Risk Reserve which currently totals £39.488m, as a provision available to offset medium-term pressures which include the cumulative deficit on the High Needs Block. The Council has set aside £18m of one-off funding to increase the medium-term financial risk reserve in line with the original forecast high needs block deficit for 2024/25 as set out in the Delivering Better Value mitigated recovery plan. However as mentioned above the forecast 2024/25 overspend of the High Needs Block is more than double the £18m amount set aside in 2024/25.

As noted in the Q1 monitoring report to Cabinet, it is not affordable for the Authority to continue in this way. Therefore, we will rely on the DSG Statutory Override (which is available until March 2026) for any further overspend in 2024/25.

Communities Directorate

Economy & Place: £0.218m overspend; +0.92%

Q1 forecast: £1.158m overspend; +4.9%

Explanation of the Investment Funds (-£0.047m)

The underspends forecast relate to:

- £0.033m 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 Revenue Investment Fund 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 25/26 as the art

pieces are due to be de-commissioned then so the residual funding will be required to deal with any costs that arise from that.
Explanation of the Earmarked Reserves (£0.633m)
The expected movements on reserves are: • Contribution from reserves of £0.394m for Speed Awareness and Warwickshire Road Safety Partnership • Contribution from reserves of £0.087m for Business & Economy • Contribution from the general reserve of £0.152m to offset the overspend on the Rugby Parkway project.
Explanation of the Remaining Service net underspend -£0.367m; -0.91% Q1 forecast: net overspend +£0.880m; +3.71%
The net service underspend of £0.367m is mainly due to the following: • An overspend of £0.643m forecast within Parking Enforcement largely as a result of parking income targets no longer being judged achieved. • The forecast overspend on Rugby Parkway is £0.233m due to an increase in the project's scope and length which is partially offset by a draw from general reserves. • Country Parks are forecasting an overspend of £0.152m as a result 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 £0.164m at the Household Waste and Recycling Centres due to increased staffing, vehicle and premises costs. These overspends are mostly offset by the following underspends: • Economy & Skills are forecasting an underspend of £0.553m largely due to delaying and stopping some activities within Place, Projects and Partnerships (£0.099m) in line with spending controls as well as there being in year staff vacancies. The Economic Development team have some in year savings due to being in the early stages of operation meaning that there will be reduced spend this year against grants offered to external organisations (£0.085m). There are also net savings forecast (£0.290m) as a result of in-year staff vacancies in addition to a dividend being received for Warwick Science Park (£0.040m). • An underspend of £0.426m is forecast across Waste Services mainly due to the expected savings following the re-negotiation of the Composting contract. • An underspend of £0.237m forecast in the management area due to some in year project and inflationary funds being released as part of the in-year spending mitigations. • Additional grant funding of £0.209m being received within Transport Planning, Policy & Strategy. • Speeding, Road Safety and School Safety is forecasting to be £0.100m underspent as a result of in year staff vacancies which are being held temporarily to support with spending controls.
Change in the remaining Service Position since the position reported at Q1 (from £0.880m overspend to £0.367m underspend)
The movement of £1.247m since Q1 has largely been the result of implementing in-year spending controls. This has included delaying or stopping some activities, holding vacancies and delivering some savings earlier than planned. There are also some underspends resulting from the re-

negotiation of the Waste Services Composting contract, and additional grant funding of £0.214m in Transport Planning, Policy and 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 are not achievable.

Environment, Planning & Transport: £7.145m overspend; +9.9% Q1 forecast: £8.710m overspend; +12.0%
Explanation of the Investment Funds (£0.000m)
No investment funding
Explanation of the Earmarked Reserves (£0.119m)
• A contribution from reserves of £0.119m relates to s38 Developer Funding for Planning Delivery • Contributions to the Domestic Homicide Review Reserve (£0.057m) and Proceeds of Crime reserve (£0.013m) as a result of underspends in Trading Standards & Community Safety.
Explanation of the Remaining Service net overspend +£7.027m Q1 forecast: net overspend +£8.489m
The overspend forecast is mainly due to the following: • The forecast overspend on Home to School Transport has been updated to reflect changes from the start of the Autumn term, resulting in a forecast overspend of £8.009m. This comprises a £3.288m overspend on Mainstream and £4.720m overspend on SEND transport. There are also forecast overspends of £0.205m on transport for Children in Care and £0.215m on temporary salary costs, where additional staff were needed to manage demand at the start of the new academic year. The forecast on Home to School Transport has reduced by £0.454m since Q1. This overspend is partially offset by the following underspends: • A forecast underspend of £1.010m within the Management area due to funds being released in line with spending controls, which were being held for delivery of special projects or supporting areas across the service. • £0.415m underspend forecast within Transport Delivery mainly due to a change in the Department for Transport guidance for payments made to Bus Operators which has reverted to the pre-Covid method of paying based upon actual patronage, hence a large reduction in anticipated spend.
Change in the remaining Service position since the position reported at Quarter 1 (reduction in overspend of £1.462m)
The reduction in the forecast overspend since Q1 is primarily due to: • The release of funding in the Management area in line with in-year spending control mitigations (£0.659m) • An increase in forecast income from statutory charges in Network Management (£0.356m)

• An increase in forecast income due to a change in the DfT guidance for payments made to Bus Operators which has reverted to the pre-Covid method of paying based upon actual patronage (£0.444m)
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: £1.589m overspend; +6.2% Q1 Forecast: £0.533m overspend, +2.1%
Explanation of the Investment Funds (£1.409m)
Funding of £1.409m is expected to be received for the Fire Control Room project.
Explanation of the Earmarked Reserves (£0.148m)
• It is expected that £0.107m will be drawn from the Fire Transformation fund to meet costs which largely relate to the Resourcing to Risk proposals. • Costs of £0.041m will be drawn down from the Vulnerable people reserve in relation to the Hospital to Home project.
Explanation of the Remaining Service net overspend +£0.032m Q1 forecast: net overspend +£0.213m
The net overspend arises from: An overspend of £0.361m 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. Within Fire Business Support and overspend of £0.120m is forecast due to an increase in the cost of the Home Office (HO) licenses together with inflationary increases in software maintenance costs. This is partially offset by: • An underspend of £0.449m within the salary budget due to the holding of vacancies within the On Call area ahead of Resourcing to Risk.
Change in the Remaining Service position since the position reported at Quarter 1 (reduced overspend of £0.181m)
The reduction in overspend since the Q1 forecast is mainly due to: • Additional costs in Fire Business Support as a result of increased Home Office licence fees and inflationary increases in software maintenance costs. • Inflationary pressures in Technical Support and Transport, and anticipated overtime costs during the implementation of the Resourcing to Risk proposals • Underspends from holding vacancies in On-Call staffing ahead of Resourcing to Risk, offsetting the overspends in other areas.

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 £0.071m are not going to be achievable, however a recovery plan is being worked upon which may also mitigate this position.

Strategic infrastructure and Climate Change: £0.921m underspend; -50.4% Q1 forecast: £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 - £0.921m Q1 forecast: underspend -£0.345m; -18.9%
The main reasons the underspend has arisen are: • The settlement of over 3 years' worth of HS2 reimbursement income of £0.834m which is essentially 'windfall' income for this financial year. • Within Commissioning 5G a further £0.060m has been identified in line with spending controls as grant funding will be utilised rather than core budget. • Within Strategic Growth and Infrastructure an underspend of £0.063m is mainly due to in year staff vacancies. The underspend is partially offset by an overspend of £0.024m in the Management area due do legacy unfunded Copyright Licencing Agency costs and increased project costs for Transforming Nuneaton of £0.012m.
Change in the Remaining Service position since the position reported at Quarter 1 (increase in underspend of £0.576m)
The increase in underspend is primarily due to the anticipated settlement of HS2 reimbursement income and use of grant funding towards the CSW Broadband and 5G project.
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 – £0.439m overspend, +3.7% **Q1 forecast - £0.466m overspend, +3.9%**
Explanation of the Investment Funds (£0.000m)
Not Applicable
Explanation of the net transfer from Earmarked Reserves (£0.770m)

£0.770m to be drawn down from the Social Care and Health Partnerships Reserve towards the cost of 18 separate partnership funded workstreams, focused on the integrated commissioning of Learning Disability and Autism (LD&A). In total there is £2.680m expenditure to be incurred funded by Integrated Care Board contributions (£1.565m), Coventry City Council (£0.187m) and Warwickshire County Council (£0.158m) with the balance of £0.770m to be funded from the reserve. The most significant element of expenditure is £0.693m 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. At the start of 2024/25 the balance on the reserve was £1.225m, £0.347m is to be released, leaving a balance for future years of £0.108m.
Explanation of the Remaining Service net underspend: -£0.331m; -2.8% Q1 forecast: net underspend -£0.172m; -1.5%
The underspend is mainly due to scrutiny of income and expenditure budgets resulting in identification of core budget that can be released, alongside reduced expenditure on staff, training and conferences. There is also reduced demand for advocacy services and an expected release of £0.020m from the bad debt provision. These are in part countered by £0.104m overspend on the Integrated Community Equipment (ICE) budget due to an increase in the contractor management costs following retender.
Change in the Remaining Service position since the position reported at Quarter 1 (increased underspend of £0.159m)
The increased underspend is due to further scrutiny of income and expenditure budgets resulting in identification of budget in excess of financial commitments, reduced staffing costs and reduced demand for advocacy services. These are in part countered by £0.104m overspend on the Integrated Community Equipment (ICE) budget due to an increase in the contractor management costs following retender.
Impact on 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 adverse impacts foreseen. There is a history of underspends increasing as the year progresses.

Social Care & Support Service: £17.295m overspend; +8.2% Q1 forecast: £15.998m overspend; +7.6%
Explanation of the Investment Funds (£0.035m)
There is an in-year underspend on the Integrated Care Record project as a result of the profiling required of the spend. This funding will be needed for 2025/26.
Explanation of the net transfer from Earmarked Reserves (£1.871m)
Forecast transfers from reserves are made up of: • £1.029m for the Client Record & Information Systems Programme for Social Care & Education (CRISP) Project, broadly balanced between expenditure on project management staff time and 10% implementation cost. • £0.744m ICB contribution to costs of the Community Recovery Service. • £0.098m drawdown of partnership funding for the Safeguarding Board.

Explanation of the Remaining Service net overspend +£15.459m; +7.3% Q1 forecast: net overspend +£15.998m; +7.6%
The financial pressures on Social Care & Support in recent years have continued to grow in 2024/25. The increased spending since the start of the financial year is driven by increases in the volume of packages of care and to a lesser extent, the average cost per unit of care. **Disabilities 25+** Disabilities 25+ have an overspend of £7.068m, 7% above budget. The volume of packages of care within Learning Disability Services is 39% and Physical Disabilities is 19% above the level which was affordable within the budget (Learning Disability Services was 36% and Physical Disabilities was 20% at period 5). The £7.068m pressure is across all areas of care although greatest in supported living (£3.179m) and residential care (£1.474m). • Clients with supported living arrangements were budgeted at 519 clients at the average cost; at Q2 client numbers are 739. The overspend is due to the 42% higher than budgeted number of clients in 2023/24 continuing into 2024/25. • Residential care has financial pressures due to both cost and volume, with costs 3% above the average cost of a package of care at the start of 2024/25 (after allowing for inflation) and a 2% increase in the volume. The remaining overspend of £2.415m is due to pressures in domiciliary care, day care, night support and to a lesser degree direct payments. In terms of the relative changes to costs and volume, there has been a: • 69% increase in the number of domiciliary care clients compared to the budgeted level (in part offset by a 12% reduction in the complexity and therefore cost of the average package of care). • 43% increase in the number of day care clients compared to the budgeted level and 2% above the average cost of a package of care at the start of 2024/25 (after allowing for inflation). • 27% increase in the number of clients receiving night support compared to the budgeted level. • 10% increase in the number of clients receiving direct payments. • 17% increase in costs (and 25% reduction in volume) of nursing packages of care for those with Learning Disabilities. **Older People** The Older People Service has an overspend of £6.111m, (up by £0.619 from Q1), 9% above budget. The volume of packages of care within Older People's Services is 21% above the level which was affordable and within budget, based on the average cost at the start of the financial year. This is offset in part by a 4% reduction in the average cost in the first six months of 2024/25 The £6.111m pressure is across all areas of care although greatest in nursing (£3.078m), domiciliary care (£1.553m) and residential care (£0.842m). • Client numbers in nursing care were budgeted at 447 at the average cost; at Q2 client numbers are showing as 563. The overspend is due to 26% higher than budgeted number of clients in 2023/24 continuing into 2024/25.

- Client numbers in domiciliary care were budgeted at 1,587 at the average cost; at Q2 client numbers are showing as 2,163. The overspend is due to 36% higher than budgeted number of clients in 2023/24 continuing into 2024/25.
- Client numbers in residential care were budgeted at 1,063 at the average cost; at Q2 client numbers are showing as 1,223. The overspend is due to 15% higher than budgeted number of clients in 2023/24 continuing into 2024/25.

The remaining overspend of £0.639m is due mainly to pressures in extra care housing and direct payments.

- 6% increase in the number of clients in extra care housing, which is a community based and more cost-effective alternative for those whose needs are close to the point of requiring residential care.
- 5% increase in the number of clients receiving direct payments.

Mental Health
Mental Health have an overspend of £2.536m, 13% above budget (£0.547m more than at Q1).
The volume of packages of care within Mental Health Services is 19% above the level which was affordable and within budget.
The overspend is mostly within supported living (£1.363m), residential care (£0.526m), domiciliary care (£0.421m) and nursing (£0.227m) and is due to:

- Client numbers in supported living were budgeted at 169 clients at the average cost; at Q2 client numbers are showing as 213.
- Unit costs rising 6% above the rate of inflation provided. Although cost has only marginally been a pressure in Mental Health overall, this is a particular factor in the Supported Living overspend.
- Client numbers in residential care were budgeted at 118 at the average cost; at Q2 client numbers are showing as 122. The overspend is due to 3% higher than budgeted number of clients in 2023/24 continuing into 2024/25.
- Client numbers in domiciliary care were budgeted at 33 at the average cost; at Q2 client numbers are showing as 56. The overspend is due to 70% higher than budgeted number of clients in 2023/24 continuing into 2024/25, in part offset by an 8% reduction in average number of domiciliary care hours provided.
- Unit costs rising 4% above the rate of inflation provided for nursing care (Client numbers are in line with budget).

There are immaterial overspends in other types of care offset by a staffing underspend.

Adults Practice & Safeguarding
Adults Practice & Safeguarding has an overspend of £0.749m, 25% above budget (a small increase from Q1). This is mainly due to continuing and increasing pressures in delivering adults' transport, now including bus driver pay awards.

Disability Transitions
The Disability Transitions Team has an overspend of £0.107m, 10% above budget. This is due to increasing capacity to enable early intervention in managing high-cost packages of care from age 16.

Integrated Care Services
Integrated Care Services has an underspend of £0.578m (up slightly from Q1) which is mainly staffing related due to retention and turnover challenges.

Director's Area for Centralised Budgets
Director's Area for Centralised Budgets has an underspend of £0.534m due to additional funding for project management, a reduction in the volume of social care reviews to address the backlog and an expected release of bad debt provision.

Community Recovery Service (CRS) While CRS is forecasting spending of £1.087m over the approved budget, this is expected to be met by income from George Eliot Hospital and South Warwickshire Foundation Trust. £0.555m of the additional funding is to be confirmed in November, and therefore there continues to be an element of financial risk. Since Health are ultimately responsible for hospital discharges, no overspend for CRS is included in the overall forecast.
Change in the Remaining Service position since the position reported at Quarter 1 (increase in overspend of £0.268m)
The biggest factor is an additional 116 older people receiving domiciliary care, which equates to a 6% increase in one quarter. There has also been an increase in older people receiving direct payments, both of which are less costly than residential care and in line with the desire to keep people independent and in the community for as long as possible. The cost of this has been largely offset by a reduction of 9 older people (1%) in residential care. Also a significant factor is an additional 8 clients with mental health needs in supported living, which equates to a 4% increase in one quarter and an additional 6 clients with mental health needs receiving domiciliary care, which equates to a 12% increase in one quarter. This has in large part been offset by a reduction in the number of social care reviews to address the backlog, the curtailment of the Payments Process project, funding for the Social Care Innovation and Improvement Programme, an increase in the underspend for Integrated Care staffing and an improvement in the aged debt position.
Impact on 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?).*
Considering the significant overspend, existing in-year MTFS savings to be delivered via the management of care demand and cost, have not been achieved. However, this has been mitigated by increases in client contribution income in excess of that budgeted and of the savings target, mitigating all the £3.356m of the care demand and cost savings.

Public Health Service: £0.066m underspend; -0.3% Q1 forecast: £0.104m overspend; +0.4%
Explanation of the Investment Funds (£0.000m)
Not Applicable
Explanation of the net transfer from Earmarked Reserves (£0.021m)
Drawdown from the Social Care & Health Partnerships – Diabetes Reserve to fund diabetes screening
Explanation of the Remaining Service net underspend -£0.087m; -0.4% Q1 forecast: net overspend +£0.86m; +0.35%
The underspend is due to unutilised uplift in the School Nursing budget.
Change in the Remaining Service position since the position reported at Quarter 1 (reduced spend of £0.158m)
This is due to an unutilised uplift in the School Nursing budget and decreased demand for drug and alcohol detox and inpatient treatment alongside decreased demand for domestic abuse listening services.

Impact on 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 a history of underspends increasing as the year progresses, particularly regarding Drug & Alcohol related expenditure which is demand led. Further there is an expectation of increased underspends due to additional safe accommodation in the Domestic Abuse service becoming available later than anticipated.

Resources Directorate

Enabling Services: £0.215m overspend; +0.75% Q1 forecast: £0.019m overspend; +0.07%
Explanation of the Investment Funds (£0.473m)
The investment funding net overspend is made up of: • An overspend of £0.487m to be met from the Systems Replacement Fund This overspend is offset by the following Revenue Investment Fund project underspends: • £0.004m – Cloud Migration (Data Centre) • £0.010m - Data and Analytics project.
Explanation of the Earmarked Reserves (£0.011m)
• A request to drawdown from reserves £0.011m is being forecast. This is to fund the Warwick Town Centre One Public Estate project.
Explanation of the Remaining Service net underspend -£0.270m; -0.94% Q1 forecast: net underspend - £0.314m; -1.1%
The net underspend of £0.270m forecast is largely as a result of the following: Underspends in the following areas: • A £0.456m underspend in Facilities Management due to reduced utilities costs from new contracts, additional income from external utilities charges, and in-year staff vacancies. • Underspends of £0.733m across ICT & Digital, Property Services, Data & Business Intelligence and Customer Connect as a result of holding vacancies and reducing expenditure on consultancy and agency in line with spending controls. • A net £0.121m underspend on the Customer Platform project. These overspends are offset by the following overspends: • Overspends of £0.225m from Digital Roadmap savings being unachievable in-year and £0.364m from under achievement of income in the Schools ICT Service. • A £0.336m overspend in Strategic Asset Management, due to in-year reduced fees earned on two delayed capital projects, staff agency costs to backfill established posts and costs from delayed property disposals. • A £0.137m overspend as a result of the transition costs to move from Virgin to a new BT contract for Wide Area Network links.
Change in the Remaining Service position since the position reported at Quarter 1 (reduction in underspend of £0.044m)
The small reduction in the forecast underspend since Q1 is primarily due to realigning Property Services' recharges to schools for indemnity costs.
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 MTFS savings attributed to the Digital Roadmap are not achievable in year due to viable Business Cases for the priority processes not yet being completed. Analysis is being done within two service areas to assess whether this position can be recovered in 2025/26.

Finance: -£0.380m underspend; -3.4% Q1 forecast: +£0.014m overspend; +0.09%
Explanation of the Investment Funds (£0.000m)
There is no investment funding
Explanation of the Earmarked Reserves (£0.151m)
The contribution from reserves of £0.151m is in relation to the Schools Absence Insurance Scheme.
Explanation of the Remaining Service net underspend -£0.531m; -3.4% Q2 forecast net underspend -£0.004m; -0.03%
The forecast underspend mainly comprises of: • £0.351m in year staff savings because of vacancies and additional income being received from secondments across Strategic Finance and Finance Delivery. This underspend reflects the implementation of spending controls. • Over achievements of income and reductions on consultancy spend in Commercial and Contracts of £0.145m. • Contract Management are forecasting an underspend of £0.066m mainly due to in year salary savings. • An overspend of £0.030m due to the overlap in occupancy of the Director post. • Investments, Treasury and Audit are showing an underspend of £0.045m which is mostly due to in year salary savings. • Finance Transformation is showing an overspend of £0.040m attributable to training and consultancy on the Agresso Cloud Hosting project.
Change in the Remaining Service position since the position reported at Quarter 1 (increase in underspend of £0.527m)
The increase in the forecast underspend is largely due to holding vacancies and reducing spend on consultancy, in line with in-year spending controls, and increased income in Commercial and Contracts.
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.

Strategic Planning & Governance: -£0.391m underspend; -5.4% Q1 forecast: -£0.340m underspend; -4.7%
Explanation of the Investment Funds (£0.061m)
The net forecast overspend on investment funds relates to: • A £0.120m drawdown from the Systems Replacement Fund for the Client Record Information System Programme. This forecast overspend is partially offset by the following underspends: • £0.029m Cost of Living projects £0.030m Information & Advice projects. Both are now being returned as part of the in-year spending mitigations.

Explanation of the Earmarked Reserves (£0.073m)
A forecast contribution of £0.073m is to be made to the Commercial Risk Reserve - Legal Traded Services Volatility.
Explanation of the Remaining Service net underspend -£0.379m; -5.3% Q1 forecast net underspend -£0.460m; -6.4%
The forecast net underspend largely comprises of: • A forecast over-recovery of income of £0.244m in Legal and Governance. This is due to an increased demand for child protection work leading to higher than anticipated external income levels. This is offset partially by an increase in locum costs to cover the external client work. • Community Partnerships are forecasting a £0.099m underspend, largely due to a service restructure which concluded earlier than anticipated. The budget includes a time-limited MTFS contribution of £0.085m to support the restructure. • The Director area is forecasting an underspend of £0.069m which is mainly due to time limited funding being released in line with spending controls. The time limited funding relates to the Community Partnership restructure. • An underspend of £0.042m is forecast within Corporate Policy and Commissioning due to staff movements and an in-year graduate vacancy. The underspends are partially offset by an overspend of £0.074m within Change Programmes due to the costs of the new Verto licence and Consultancy.
Change in the Remaining Service position since the position reported at Quarter 1 (reduction in underspend of £0.081m)
The decreased underspend is the net result of increased locum costs to cover increased workload levels and a contribution to the Commercial Risk Reserve – Legal Services Trading Volatility, offset by reduced expenditure on training in line with in-year spending controls.
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: -£0.619m underspend; -5.6% Q1 forecast: -£0.087m underspend; -0.8%
Explanation of the Investment Funds (£0.000m)
There is no drawdown from Investment Funds at Q2.
Explanation of the Earmarked Reserves (£0.062m)
The forecast drawdown comprises of £0.030m from the Corporate Apprenticeship Fund reserve and £0.032m drawdown from the Museum, Records and Libraries Trust Funds and Bequests reserve.
Explanation of the Remaining Service net underspend -£0.682m; -6.2% Q1 forecast net underspend: -£0.133m; 01.2%
The forecast underspend is mainly due to: • An underspend of £0.081m in HR Strategy due to in year salary savings in line with in-year spending controls. • Overachievements of income and savings on in-year staff vacancies of £0.251m within HR Advisory and HR Service Centre.

Change in the Remaining Service position since the position reported at Quarter 1 (increase in underspend of £0.549m)
The increased underspend is primarily because of the impact of in-year spending controls particularly on professional fees and reduced salary expenditure.
• Within People & Organisational Development an underspend of £0.255m is forecast due to in year staff vacancies, reduced training and professional fees expenditure and an over achievement of income. • Libraries, Heritage and Registration are forecasting an underspend of £0.094m which is mainly due to in-year staff vacancies.
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.

Corporate Services and Resources

Corporate Services and Resources – (£30.681m underspend; +21.0%) Q1 Forecast:-£25.637m underspend; 17.6%
Explanation of the Investment Funds (£0.000m)
N/A
Explanation of the Earmarked Reserves (£-15.377m)
(£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. (£0.048m) net income forecast on Warwickshire Investment Fund to be added to the Commercial Risk reserve. £2.473m under-recovery of Warwickshire Property and Development (WPDG) income to be drawn down from the Commercial Risk Reserve, arising from delays to schemes which will be made up in future years through future returns from WPDG and Develop Warwickshire. £0.179m forecast overspend on general insurances to be transferred from the Insurance Fund Reserve which covers additional costs associated with self-insuring. £0.019m on the Apprenticeship Levy to be funded from the Corporate Apprenticeship Fund reserve.
Explanation of the Remaining Service net underspend (£15.304m); 10.5% Q1 Forecast: -£7.389m underspend; 5.1%
Remaining service variance is largely a result of Treasury Management income performance exceeding targets by £9.9m 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 cannot be relied upon in future years as medium-term interest forecasts are predicted to reduce. This is coupled with a now confirmed reduction of £1.2m in the Minimum Revenue Provision due to the pace of the capital programme and a temporary reduction in borrowing being required.

Additional benefit from Warwickshire's participation in the Coventry & Warwickshire Business Rates Pool is generating windfall income of £1.8m from business rates which would otherwise be passed to Ministry of Housing Communities and Local Government if the Pool did not exist. This additional income will only arise for as long as business rates pools exist. Windfall revenue income of £0.6m has been collected from a developer for an Option Fee for the future purchase of a WCC asset. As identified in the Financial Recovery Strategy, the £1.0m provision for in year pressures has also been applied.
Change in the Remaining Service position since the position reported at Quarter 1 (increased underspend of £7.915m)
The change from Q1 reflects the WPDG under-recovery of income now correctly being classified as funded from reserves; the reduction of the Minimum Revenue Provision forecast; increased treasury management income, windfall option fee and the application of the in year pressures provision.
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-recovery 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.