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 (£1.317m underspend)
Adoption Central England - £0.231m underspend - The variance consists of a planned overspend on staffing of £0.047m, e.g. to cover maternity leave and sickness absence. This is offset by a £0.245m 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 – £0.114m 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 – £0.290m overspend -** This has decreased from Q2 by £0.064m. 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 £0.137m. 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 – £0.960m underspend** due to staffing and operational costs. The grant will primarily be used to cover, for the medium term, increases in the cost of packages following the need for all providers to be Ofsted registered. There is a detailed plan on what this specific grant will be spent on. The funding will help to mitigate against submitting MTFS pressures for the expected increased package costs, **The Continuous Improvement Plan (CIP) & Family First Pathfinder£0.289m underspend** represents the expected expenditure to deliver the CIP plan offset by the balance of the DfE earmarked pathfinder grant that is due to be spent in 2025/26. 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. Confirmation of the use of the pathfinder funds for 2025/26 have just been received and the service is awaiting information on possible allocations for 2025/26,
Explanation of the Remaining Service net overspend +£7.577m; 7.2%. P7 forecast net overspend +£6.522m; 6.2%. Q2 forecast net overspend +£5.629m; 5.4%
The remaining service variation is broken down into the following areas: **Children in Care Placements** The overspend is currently £5.482m (Q2 £3.812m), with Residential Care overspending by £6.507m (Q2 £5.190m) and all other placements underspending by £1.025m. **Residential Placements** Predicted residential weeks to be purchased are 4,977 (Q2 4,763) compared to 4,158 for 2023/24. This is an increase of 819 weeks / 20%. The predicted number of weeks is the

equivalent of having over 95 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 £6,227 per week. The average cost for one full year residential place is now £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 £0.436m with a reduction of 345 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 an underspend of £0.489m. Weeks are significantly down compared to 23/24 (16,288) - by 1238 weeks (8%). 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
From 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 with an underspend of £1.261m, the underspend is 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 £1.283m (Q2 £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 6 children placed out of a possible 11 places available with another 4 beds becoming available in January.

Staffing
Agency Staffing expenditure is forecast to be £1.143m (Q2 £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 8 agency workers in post (4 Team Managers and 4 social workers), 4 are due to end on 31st December and the others by end January. While efforts will continue to minimise the use of agency staff by the end of the financial year, it has been agreed to recruit a further 4 agency social workers to assist in the transition period to the implementation of the Families First service redesign. This is to ensure the safe transfer of young people into new teams.

Establishment staffing is forecasted to overspend by £2.234m (Q2 £2.492m). 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 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.

Savings Update
There are a number of savings that have been identified early and set aside. These total £2.942m 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 £2.338m (Q2 £1.341m). Unfortunately, some recent placements and extended periods for some children have resulted in this large increase in overspend. 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 £0.352m. 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.

Change in the Remaining Service position since the position reported at Quarter 2 (increase in overspend of £1.948m)

As a result of the recent increased number of new and extended residential and extra placements the overspend position has deteriorated; however, spending controls the service has implemented have seen a reduction in forecasts in many areas of the service. The primary reasons for the worsening position from Q2 are:

- Placements – An increase of £1.656m, £1.317m of this is on residential which has been the key focus of the in-year recovery plan however recent increases in new and extend packages have worsened the position.
- A Children with Disabilities (CWD) underspend on Homecare of £0.486m, has reduced since Q2 by £0.430m as demand for the services has increased. This is preventative in nature in order not to have to rely on more expensive care options.
- Extra Care increased overspend by £0.977m.

These increased forecasts have been offset by the following reductions since Q2.

- All elements of Staffing/ Agency expenditure have seen a £0.499m decreased forecast.
- With increased occupancy and better knowledge of operating homes the overall forecasted overspend has reduced by £0.279m.
- A correction of charges from Legal Services has seen a refresh of the data used to calculate the forecast and this has resulted in a reduction of £0.173m.

Change in the Remaining Service position since the position reported at P7 (increase in overspend by £1.054m.)

The primary reasons for the worsening position from P7 are:

- A Children with Disabilities (CWD) underspend on Homecare of £0.486m, has reduced since P7 by £0.430m as demand for the services has increased. This is preventative in nature in order not to have to rely on more expensive care options.
- Children in Care Placement costs £1.254m increase.
- Extra Care increased overspend by £0.220m.

These increased forecasts have been offset by the following reductions since P7.

- All elements of Staffing/ Agency expenditure have seen a £0.405m decreased forecast.
- With increased occupancy and better knowledge of operating homes the overall forecasted overspend has reduced by £0.118m.
- A correction of charges from Legal Services has seen a refresh of the data used to calculate the forecast and this has resulted in a reduction of £0.173m.

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 (January 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: £0.411m underspend; -3.78% P7 forecast: £0.583m underspend; -5.40% Q2 forecast: £0.319m overspend; +2.98%
Explanation of the expenditure funded by Earmarked Reserves (£0.101m underspend)
This consists of the forecasted use of £0.370m of reserves as follows: • £0.200m is for practical support needed for schools in financial difficulty • £0.170m planned use of the School Improvement and Monitoring grant. This is offset by a £0.471m underspend as a result of: • minor slippage and decisions on staffing expenditure on the £1.297m Education Transformation Programme. • maximising use of the £1m DfE Developing Best Value for SEND (DBV) thus reducing the call on the investment funds.
Explanation of the Remaining Service net underspend: -£0.310m, -2.85% P7 forecast net underspend: -£0.459m, -4.3% Q2 forecast net overspend +£0.179m, 1.7%
The main areas of overspend relate to the SEND & Inclusion Service with two services under pressure due to demand increases and the need to meet statutory timescales. • £0.220m overspend in Education Psychology, primarily due to a £0.799m 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. • £0.431m overspend in SENDAR Assessment. The main driver is due to 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 £0.064m 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 as well as one off savings of non-ring-fenced government grant.
Change in the Remaining Service position since the position reported at Quarter 2 (decrease in variance by £0.489m)

The primary reason for this decreased forecast since Q2 is the receipt of additional (unexpected) funding for the costs of centrally employed teachers. Some of the additional costs for 2024/25 had already been budgeted for and so the funding (un-ring fenced) is being held to cover areas of overspend in the service. It is not clear from the DfE if this funding will be one off or not, The swift introduction and continuing use of spending controls and early achievement / planning of 2025/26 MTFS savings has also contributed to this improved position.
Change in the Remaining Service position since the position reported at Period 7 (decrease in underspend by £0.149m)
This reduction is primarily related to the Education Psychology Service, increasing the overspend reported at P7 by £0.133m. This has been due to the updating of salary forecast for the greater than expected pay award for these staff as well as the increasing need to commission external Education Psychologists for statutory work.
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 121 requests for EHC needs assessments in September, 172 in October and 159 in November. By comparison, the equivalent figures were 230 in July '24, 142 in June '24, 183 in May '24, 171 in April '24.

Education Services DSG: £44.356m overspend; +15% of gross grant of £294.917m P7 forecast: £43.655m overspend; +12.7% of gross grant. Q2 forecast: £40.661m overspend, +13.8% 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 overspend of £45.217m (Q2 £41.556m overspend). This is more than 50% above the HNB allocation of £80.2m. This is offset slightly by net underspends in the other DSG blocks of £0.861m. The HNB overspend consists of: • The anticipated Delivering Better Value (DBV) budgeted overspend of £17.9m. • Further overspends on HNB services over and above these uplifted budgets of £29.6m. • 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 £27.317m. 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 £9.497m 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 2,310 top-ups at £12,163 each. • Overspend due to increase in number of top-ups: £2.495m

[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.

- Overspend due to increase in average unit price: £6.398m

The remaining overspend relates to services that are not measured by price and volume such as one-off additional costs for pupils, clawbacks, and prior year costs.

Top-ups to Special schools £3.678m overspend.
The service budgeted to purchase 1,612 top-ups at an average cost of £13,988. It is now forecast to purchase 1,612.3 units at an average cost of £16,512.

- Overspend due to increase in number of top-ups: £0.005m
- Overspend due to increase in average unit price: £4.069m

However, there are a series of other exception / correction / adjustments of uplifts / matrix adjustments across the totality of top-ups and giving a net underspend of £0.396m which offset the overall overspend.

Independent Special schools (ISP) £10.909m overspend.
The service was budgeted[2] to provide 470 placements at an average cost of £54,939. The forecast reflects 556 annual placements in 2024/25 at an average cost of £66,272, resulting in Day & Residential placements having a combined pressure of £11.009m.

- Overspend due to increase in number of placements: £4.711m
- Overspend due to increase in average unit price: £6.298m
- There are also other, relatively minor variances within the service which mitigate the position by £0.100m.

Post-16 £1.554m overspend. Part of the service's budget is based on units of places taken up. The service was budgeted to purchase 903 annual places at £14,740 each. The forecast suggests 644 services at £22,426 with the volume variance being a favourable £3.823m whilst the price variance is adverse £4.948m. When comparing the actual 2023/24 average unit cost of £15,851 with the 2024/25 forecasted average there is a projected 41% increase. The forecast includes £0.480m of per place funding (£6,000), which has only been seen within demand since P7 and will naturally flow into the forecast as year progresses. The service tries not to over book placements as it is difficult to recover over-commitments via the recoupment process.

SENDAR Alternative Provision (AP) £3.420m overspend. The spend on this service has already breached the annual budget, which was based on 27.91 places at £17,994. The projections show 117 full year equivalent places at £33,546. The average unit cost has decreased since Q2 by £1,762, whilst volumes are up by 10.08 full year equivalent places. The overall forecast position is an overspend of £3.420m with £1.602m due to volumes and an overspend of £1.819m due to prices.

Alternative Provision Secondary £0.648m overspend. 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 demand is now at 66 full year equivalent places, with a unit cost of £0.022m. It is anticipated that spot contract activity will reduce as the year progresses and new block contracts will take up the workload. A higher than anticipated Pupil Premium income stream has generated a financial benefit of £0.120m.

Change in the DSG position since the position reported at Quarter 2 (increase in overspend of £3.660m)
The HNB increased overspend position since Q2 is £3.660m, consisting of: • Mainstream School Top ups increased by £1.992m. • Special School Top ups increased by £0.410m.

[2] Based on revised budget

• Independent Special Schools increased by £0.055m. • Post 16 places increased by £1.177m. • Alternative Provision Secondary decreased by £0.270m; and • SENDAR Alternative Provision increased by £0.159m. The other DSG Blocks had relatively small reductions in forecast since Q2
Change in the DSG position since the position reported at Period 7 (increase in overspend of £0.701m)
The major changes within the High Needs DSG forecasts all relate to the major variances described above. Mainstream top ups are projecting increased expenditure of £0.550m, driven by changes in both provision cost and numbers of units (7-unit decrease, £37 average unit cost increase). Special School Top-ups are projecting decreased expenditure of £0.242m, driven by changes in both provision cost and numbers of units (48-unit decrease, £566 average unit cost increase). Independent Specialist Provision packages cost is forecast to decrease by £0.362m, driven by the numbers of packages and cost changes (15 decrease, with £1,079 average unit cost increase). Post-16 Top-ups are projecting increased expenditure of £0.685m, driven by changes in both provision cost and numbers of units (69-unit decrease, £3,133 average unit cost increase). SENDAR Alternative Provision is projecting increased expenditure of £0.212m, driven by the numbers of packages and cost changes (8 increase, with a £547 average unit cost decrease). Alternative Provision Secondary decreased by £0.270m driven by reductions in both the numbers of packages and cost changes (1 unit decrease, £1,966 average unit cost decrease).
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 Q2 monitoring report to Cabinet, it is not affordable for the Authority to continue to provide for the DSG overspend through its reserves. 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: £0.533m overspend; +2.20% P7 forecast: £0.309m overspend; +1.30% Q2 forecast: £0.218m overspend; +0.92%

Explanation of the Investment Funds (-£0.047m)

The forecast underspends 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 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 (£0.655m)

The expected drawdowns from reserves are:

- £0.356m for Speed Awareness and Warwickshire Road Safety Partnership
- £0.147m for Business & Economy
- £0.152m Rugby Parkway

Explanation of the Remaining Service net underspend: £0.075m; -0.31%

P7 forecast: £0.341m underspend; -1.44%

Q2 forecast: £0.367m underspend; -1.55%

The net service underspend of £0.075m is mainly due to the following:

- An overspend of £0.642m forecast within Parking Enforcement largely as a result of parking income targets not being achieved.
- The forecast overspend on Rugby Parkway is £0.233m due to an increase in the project's scope and length.
- Country Parks are forecasting an overspend of £0.133m 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 £0.166m at the Household Waste and Recycling Centres due to increased staffing, vehicle and premises costs.
- An overspend of £0.105m due to increased recycling/re-use credit costs.

These overspends are mostly offset by the following underspends:

- Economy & Skills are forecasting an underspend of £0.394m largely due to delaying and stopping some activities within Place, Projects and Partnerships (£0.145m) in line with spending controls as well as there being in year staff vacancies. There are also net savings forecast (£0.202m) largely as a result of in year staff vacancies in addition to a dividend being received for Warwick Science Park which was not previously forecast (£0.040m).
- An underspend of £0.498m is forecast across Waste Services mainly due to the expected savings following the re-negotiation of the Composting contract.
- An underspend of £0.089m forecast in the management area due to some in year project and inflationary funds being released as part of the in-year spending mitigations.
- Within Transport Planning, Policy & Strategy Additional an underspend of £0.257m is forecast due to receiving additional grant funding (£0.209m) and in year salary savings (£0.048m).
- Speeding, Road Safety and School Safety is forecasting to be £0.142m 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 Quarter 2 (Reduced underspend of £0.292m)

The reduction in forecast underspend is largely as a result of a change in the income forecast within Economy and Skills. This is due to the Department of Work and Pensions (DWP) advising that grant funding (£0.163m) which was expected in the autumn being delayed until 2025/26. In addition, the forecast in the management area now reflects the decision to contribute £0.150m to the Holly Walk House Capital project.
Change in the remaining Service Position since the position reported at Period 7 (Reduced underspend of £0.266m)
The reduction in forecast underspend is largely as a result of a change in the income forecast within Economy and Skills. This is due to the Department of Work and Pensions (DWP) advising that grant funding (£0.163m) which was expected in the autumn being delayed until 2025/26 and a reduction in the forecast for reimbursed income in the Careers 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?).*
The forecast overspend within Country Parks may mean that the income savings of £0.025m within the MTFS are not achievable.

Environment, Planning & Transport: £6.412m overspend; +8.78% P7 forecast: £7.416m overspend; +10.2% Q2 forecast: £7.145m overspend; +9.87%
Explanation of the Investment Funds (£0.034m)
• Trading Standards Data Cleanse and Business Process Review not required £0.034m.
Explanation of the Earmarked Reserves (£0.044m)
The expected draw from reserves comprises a drawdown of £0.026m for s38 Developer Funding, offset by expected contributions of: • £0.057m to the Domestic Homicide Review reserve • £0.013 to the Proceeds of Crime Act (POCA) reserve.
Explanation of the Remaining Service net overspend: £6.490m; +8.89% P7 Forecast: £7.331m overspend; +10.12% Q2 forecast: £7.060m; +9.75%
The overspend forecast is mainly due to: • The forecast overspend on Home to School Transport of £8.368m. This comprises of £2.989m overspend on Mainstream Transport, £5.047m on SEN Transport and £0.332m on Children in Care transport. In total this forecast has not changed significantly since period 7. • There is a forecast overspend in Transport Delivery of £0.437m which relates to costs associated with the project team, new software, route reviews and reduced income within County Fleet Maintenance. In addition, there is a reduction in internal income due to limited technician resources coupled with older vehicles being replaced, leading to fewer repairs. • Planning Delivery is forecasting an overspend of £0.056m which is mainly due to an under achievement of planning application income. This overspend is partially offset by the following underspends: • An anticipated underspend of £0.302m on Concessionary transport 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.

• A forecast underspend of £0.667m within the Management area due to one-off funds being released in line with spending controls, which were being held for delivery of special projects or supporting areas across the service. • An underspend of £0.734m is forecast within County Highways and this arises as confirmation of utility prices has now been received which gives a significant underspend in Street Lighting as well as some in year savings on salaries. • Forecast increased income of £0.571m as a result of statutory charges within Network Management. • Trading Standards and Community Safety is forecasting an underspend of £0.133m due to in year staff vacancies and increased income.
Change in the remaining Service Position since the position reported at Quarter 2 (Reduced overspend of £0.571m)
The overall forecast overspend has reduced because of the following increased forecast underspends: • Within County Highways the confirmation of electricity prices has reduced the forecast in Streetlighting (£0.620m). • Within Network Management the income forecast has increased (£0.178m) due to increases arising from Temporary Traffic Orders (TTO). • The forecast in Forestry has reduced (£0.094m) because of in year staff vacancies and additional income. These increased underspends are largely offset by increased spending within Transport Operations of £0.350m as a result of a change in reimbursement rate and additional capacity rate in Concessionary transport being agreed with one supplier, and the costs associated with agency staff used at the beginning of the school year. (£0.214m). The remaining increase in spending is due to the changes in demand within Home to School transport. Home to School Transport forecasts are based on actual spend to date, plus the projected cost of contracts for the rest of the year, including an element of growth. This is adjusted to reflect that some contracts will terminate before the end of the year, and not all transport will run on every day. While the service has given an assurance that these assumptions are reasonable to the best of their professional judgement, there remains a very low risk that the outturn position could be higher by up to £0.5m if all current contracts are delivered in full.
Change in the remaining Service Position since the position reported at Period 7 (Reduced overspend of £0.841m)
The overall forecast overspend has reduced because of the following increased forecast underspends: • Within County Highways the confirmation of electricity prices has reduced the forecast in Streetlighting (£0.620m). • Within Network Management the income forecast has increased (£0.178m) mainly due to increases arising from Temporary Traffic Orders (TTO). • The forecast in Forestry has reduced (£0.094m) because of in year staff vacancies and additional income. • The forecast underspend in Trading Standards and Community Safety has increased (£0.71m) due to the award of a government grant for an enforcement initiative. These increases are largely offset by a reduced income forecast within Engineering Design Services (£0.145m) following the re-prioritisation of the Capital Programme which has impacted fee income.
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 and the underlying pressures within Home to School transport means that any MTFS savings will not be achievable in year.

Fire and Rescue: £1.490m overspend; +5.8% P7 forecast: £1.531m overspend; +5.98% Q1 forecast: £1.589m overspend; +6.2%
Explanation of the Investment Funds (£1.407m)
Funding of £1.407m is expected to be received for the Fire Control Room project.
Explanation of the Earmarked Reserves (£0.260m)
• It is expected that £0.144m will be drawn from the Fire Transformation fund to meet costs which largely relate to the Resourcing to Risk proposals. • Costs of £0.089m will be drawn down from the Vulnerable people reserve in relation to the Hospital to Home project. • The Local Resilience Forum will draw £0.027m from reserves which we hold on behalf of the partnership to meet the expected in year overspend.
Explanation of the Remaining Service net underspend £0.177m; -0.69% P7 forecast: underspend £0.098m; -0.38% Q2 forecast: overspend £0.032m; +0.13%
The net underspend arises from: • An underspend of £0.576m within the salary budget due to the holding of vacancies within the On Call area ahead of implementing the new Resourcing to Risk model. This is significantly reduced by: • An overspend of £0.293m 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 an overspend of £0.121m is forecast due to an increase in the cost of the Home Office (HO) licenses together with inflationary increases in software maintenance costs.
Change in the remaining Service Position since the position reported at Quarter 2 (Increased underspend of £0.209m)
The change from a forecast overspend to underspend arises from reviews being undertaken of the staffing forecast and vacancies within the On Call area creating an in-year underspend. This is coupled with a reduction in the hot fire training costs.
Change in the remaining Service Position since the position reported at Period 7 (Increased underspend of £0.079m)
The increase in forecast underspend arises from: An increase in the underspend on Workforce, in particular with On Call and reduced costs in Fire Business Support.
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?).*
Within the Fire Service there has been a pay agreement approved by the National Joint Council for Local Authority Fire & Rescue Services (NJC) which amends the retaining fee structure from 1 January 2025. This would have had a significant impact on the centrally funded pay awards, however, due to the changes being implemented as part of the new Resourcing to Risk model in relation to the On Call structure, this change has been mitigated and reduces the central funding requirement by approximately £0.200m for 2025/26.

Strategic infrastructure and Climate Change: £0.904m underspend; -48.6% P7 forecast: £0.912m underspend; -49.9% Q2 forecast: £0.921m underspend; -50.39%

Explanation of the Investment Funds (£0.002m)
The underspend on investment funds of £0.002m relates to fuel payments for the Hydrotreated Vegetable Oil project which will move into 25/26.
Explanation of the Earmarked Reserves (£0.000m)
No movement on reserves is forecast
Explanation of the Remaining Service net underspend (£0.904m) (Previous forecast - £0.912m underspend)
The main reasons the underspend have arisen are: • The settlement of over 3 years' worth of HS2 reimbursement income of £0.833m 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 £0.058m is mainly due to in year staff vacancies. The underspend is partially offset by an overspend of £0.025m in the Management area due do legacy unfunded Copyright Licencing Agency costs and increased project costs for Transforming Nuneaton of £0.030m.
Change in the remaining Service Position since the position reported at Quarter 2 (Reduced underspend of £0.017m)
There is no significant change to Quarter 2.
Change in the remaining Service Position since the position reported at Period 6 (Reduced underspend of £0.008m)
There is no significant change to period 7.
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?).*
No impact on the MTFS

Health & Social Care Directorate

Health & Care Commissioning Service – (£0.298m overspend, 2.5%) P7 forecast: £0.418m overspend; +3.5% Q2 forecast: £0.439m overspend; +3.7%
Explanation of the Investment Funds (£0.000m)
Not Applicable
Explanation of the net transfer from Earmarked Reserves (£0.671m)
£0.671m 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 £2.622m expenditure to be incurred funded by: • ICB contributions (£1.585m / 60%) • Coventry City Council (£0.187m / 7%) • Warwickshire County Council (£0.179m / 7%) • the balance of £0.671m / 26%) to be funded from the reserve partnership funded reserve. The most significant elements of expenditure are £0.650m for Community Autism Support Services and £0.432m for Fine Futures Adults' Admission Avoidance Service. Others range in

value from £0.005m up to £0.126m and include Transitional Care Social workers, the Experts by Experience Hub and 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 £0.208m.
Explanation of the Remaining Service net underspend (£0.373m, -3.1%) P7 forecast net underspend: -£0.353m, -3.0% Q2 forecast net underspend -£0.331, -2.8%
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, conferences 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.
Change in the Remaining Service position since the position reported at Period 7 (increased underspend of £0.021m)
The increased underspend is due to further reductions in salary expenditure.
Change in the Remaining Service position since the position reported at Quarter 2 (increased underspend of £0.042m)
The increased underspend is due to further reductions in salary expenditure.
Impact on MTFS
No adverse impacts foreseen. There is a history of underspends increasing as the year progresses.

Social Care & Support Service – (£16.687m overspend, 7.9%) P7 forecast: £16.884m overspend; +8.0% Q2 forecast: £17.295m overspend; +8.2%
Explanation of the Investment Funds (£0.035m)
The in-year underspend on the Integrated Care Record project is needed for 2025/26.
Explanation of the net transfer from Earmarked Reserves (£1.982m)
£1.140m 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. The forecast has increased in the last month by £0.111m due to legal, change management and marketing costs and the Programme Director starting earlier than anticipated. £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 (£14.740m, 6.9%) P7 forecast net overspend: £15.048m, 7.1%. Q2 forecast net overspend £15.459m, 7.3%
The financial pressures on Social Care & Support in recent years have continued into 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 average cost per unit of care remaining relatively stable. **Disabilities 25+**

Disabilities 25+ have an overspend of £6.626m, (down from £6.943m at P7), 7% above budget. The volume of packages of care within Learning Disability Services is 43% and Physical Disabilities is 17% above the level which was affordable within the budget (Learning Disability Services was 43% and Physical Disabilities was 19% at period 7).

The £6.626m pressure is across all areas of care although greatest in supported living (£4.163m) and residential care (£1.274m).

- Clients with supported living arrangements were budgeted at 519 clients at the average cost; at P8 client numbers are showing as 746. The overspend is due to the 44% 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 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 £1.189m is due mainly to pressures in domiciliary care (£0.745m) and day care in part offset by underspends elsewhere.

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

- 66% increase in the number of domiciliary care clients compared to the budgeted level (in part offset by a 11% 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).

Older People
The Older People Service has an overspend of £5.246m, (down from £6.068m at period 7), 8% above budget.
The volume of packages of care within Older People's Services is 19% above the level which was affordable and within budget (down from 21% at period 6). However, costs have reduced by 4% since the start of the financial year.

The £5.246m pressure is across all areas of care although greatest in nursing (£2.771m), residential care (£1.317m) and domiciliary care (£0.861m).

- Client numbers in nursing care were budgeted at 447 at the average cost; at P8 client numbers are showing as 557. The overspend is due to 25% 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 P8 client numbers are showing as 1,217. The overspend is due to 14% 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 P8 client numbers are showing as 2,158. The overspend is due to 36% higher than budgeted number of clients in 2023/24 continuing into 2024/25.

The remaining overspend of £0.297m is due to cost pressures in extra care housing.

Mental Health
Mental Health has an overspend of £2.483m, 13% above budget (increased from £2.391m at P7).
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 (£1.267m), residential care (£0.619m), domiciliary care (£0.325m) and nursing (£0.194m) and is due to:

- Client numbers in supported living were budgeted at 169 clients at the average cost; at P8 client numbers are showing as 223. The overspend is due to 32% higher than budgeted number of clients in 2023/24 continuing into 2024/25.
- Client numbers in residential care were budgeted at 118 at the average cost; at P8 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, including a single client entering care in 2024/25 with an-in year cost of £0.372m, which is more than 12 times the average weekly cost of care and the appropriateness of which is being reviewed.
- Client numbers in domiciliary care were budgeted at 33 at the average cost; at P8 client numbers are showing as 55. The overspend is due to 67% higher than budgeted number of clients in 2023/24 continuing into 2024/25, in part offset by an 12% reduction in average number of domiciliary care hours provided.
- Unit costs rising 3% above the rate of inflation provided for nursing care (Client numbers in line with budget).

Adults Practice & Safeguarding
Adults Practice & Safeguarding has an overspend of £0.779m, 25% above budget (up from £0.721m at P7). This is mainly due to continuing and increasing cost pressures in delivering adults' transport, including bus driver pay awards.

Disability Transitions
The Disability Transitions Team has an overspend of £0.058m, 5% above budget (down from £0.089m at P7). This is due to increasing capacity to enable earlier intervention in managing high-cost packages of care from age 16.

Integrated Care Services
Integrated Care Services has an underspend of £0.659m (up from £0.598m at P7) 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 overspend of £0.208m (up from £0.566m underspend at P7) due to a £0.711m contribution required to the bad debt provision for adult social care client contributions which has largely been offset by reduced expenditure on adult social care projects and an expected release from the general provision for bad debt. The increase in the bad debt provision for client contributions reflects the trend in the value of debts needing to be written off over the past 5 years.

Community Recovery Service
The Community Recovery Service (CRS) is forecasting to incur £0.918m expenditure in excess of the £5.675m budget (16%), which is now agreed to be mitigated by £1.110m additional income from George Eliot Hospital (GEH) and South Warwickshire Foundation Trust (SWFT). With the full £1.110m additional funding (final contribution by GEH TBC) a surplus of £0.192m is expected.
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.

Change in the Remaining Service position since the position reported at Quarter 2 (reduced overspend of £0.308m)
There have been material reductions in expenditure in Older People's Services (£0.822m) and in Disability Services (£0.318m), largely offset by the contribution required to the bad debt provision for adult social care client contributions (£0.711m). The total increase across all other service areas is £0.058m (<0.2% of the budget) with an average increase of £0.014m per Service.

The reduction in expenditure in Older People's Services is due to the Mosaic client management system being updated for closed residential packages of care, a reduction of four clients in nursing care and increased client contribution income. The Disabilities Service has reduced the overspend due to an increase in Continuing Health Care (CHC) contributions and a slight reduction in the average cost of direct payments.
Change in the Remaining Service position since the position reported at Quarter 2 (reduced overspend of £0.719m)
There have been material reductions in expenditure in Older People's Services (£0.864m) and in Disability Services (£0.442m), largely offset by the contribution required to the bad debt provision for adult social care client contributions (£0.711m). The total reduction across all other service areas is £0.154m with an average decrease of £0.038m per Service. The reduction in expenditure in Older People's Services is most significantly due to increased client contribution income. The Disabilities Service has reduced the overspend due to an increase in Continuing Health Care (CHC) contributions with one backdated agreement accounting for £0.434m.
Impact on 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 (£0.213m overspend, 0.9%) P7 forecast: £0.049m overspend; 0.25%. Q2 forecast: £0.066m underspend; +0.3%
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 overspend (£0.192m, 0.8%) P7 forecast net overspend: £0.028m, 0.1%. Q2 forecast net underspend £0.087m, 0.4%
100% of the annual target volume of health checks has been delivered in the first six months of the financial year; therefore, the overspend is due to delivery above the budgeted level. There is also increased demand for medication and rehabilitation for those with drug and alcohol issues and an overspend on staffing. These pressures are partially offset by an unutilised inflationary uplift in the school nursing budget and also underspends in domestic abuse and sexual health.
Change in the Remaining Service position since the position reported at Period 7 (increased spend of £0.164m)
The increased overspend is due to demand for drug and alcohol medication and rehabilitation, staffing due to operating at full capacity and staff recharges and more accurate forecasting of health checks.
Change in the Remaining Service position since the position reported at Quarter 2 (increased spend of £0.280m)

The underspend has become an overspend over the last quarter due in large part to the delivery of health checks in excess of the annual target volume combined with increased demand for medication and rehabilitation for those with drug and alcohol issues and an overspend on staffing.
Impact on MTFS
There is a history of spending expectations reducing as the year progresses, particularly regarding drug and alcohol related expenditure, which is demand led, and also domestic abuse, although this year the trend appears to be changing. In addition, the staffing overspend adds risk to the ability to deliver vacancy factor savings.

Resources Directorate

Enabling Services: £0.306m overspend; -1.05% P7 forecast £0.466m overspend; -1.63% Q2 forecast £0.215m overspend; +0.75%
Explanation of the Investment Funds (£0.529m)
The investment funding net overspend is made up of: • An overspend of £0.538m which is to be met from the Digital Roadmap Investment Fund This overspend is offset by the following Revenue Investment Fund projects underspend: • £0.004m on the Cloud Migration (Data Centre) • £0.005m on the Data and Analytics project.
Explanation of the Earmarked Reserves (£0.31m)
The net drawdown from reserves comprises of: • £0.011m to fund the Warwick Town Centre One Public Estate project. • £0.040m to fund the Rugby Town Centre One Public Estate project. These are offset by a forecast contribution to reserves of £0.020m for the Welfare Fund.
Explanation of the Remaining Service underspend £0.254m; -0.87% P7 forecast £0.068m underspend; -0.24% Q2 forecast £0.270m underspend; -0.94%
The net underspend of £0.254m forecast is largely due to the following: • Within Property Services an underspend of £0.398m is forecast. This is mainly due to the reduction in utilities costs due to new contracts being entered into, income being generated from external utility charges, rates rebates and underspends due to in year staff vacancies. • £0.187m in Customer Contact Connect largely due to in-year vacancies in line with spending controls. • £0.166m in the System Centre. This is as a result of the Director transferring in project funds to support contractor and consultancy costs relating to the customer platform project and then offset the underachievement of Schools ICT Traded surplus income. • Within Data and Business Intelligence an underspend of £0.120m is forecast due to in-year staff vacancies not being filled in line with spending controls. • ICT Strategy is also forecasting an overall underspend of £0.057m due in year staff vacancies. These underspends are largely offset by the following: • The under achievement of Schools ICT Service income of £0.355m. • Asset Management and Design and Major Projects forecasting to overspend by £0.200m primarily due to capital fees not likely to be earned in year as 2 major projects are not progressing as quickly as originally planned.

• Network and Communications forecasting to overspend by £0.060m. This is due to Virgin and BT costs being duplicated in year as we transition to a sole supplier. Some credits have now been received from Virgin.
Change in the remaining Service Position since the position reported at Quarter 2 (Reduced underspend of £0.016m)
There has been no significant change to the position reported at Quarter 2.
Change in the remaining Service Position since the position reported at Period 7 (Increased underspend of £0.186m)
The increased underspend is mainly due to some utility prices now being confirmed at a rate lower than had been forecast and some rent rebates being received. In addition, credits have been received within the Network team as the transition is made towards BT being a sole supplier.
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.

Finance: £0.821m underspend; -5.03% P7 forecast: £0.361m underspend; -2.31% Q2 forecast: £0.380m underspend; -2.43%
Explanation of the Investment Funds (£0.000m)
There is no investment funding.
Explanation of the Earmarked Reserves (£0.108m)
The drawdown from the reserve of £0.108m is in relation to the Schools Absence Insurance Scheme.
Explanation of the Remaining Service net underspend £0.929m; -5.70% P7 forecast £0.498m underspend; -3.19% Q2 forecast £0.531m underspend; -3.40%
The forecast underspend mainly comprises of: • £0.350m in year staff underspends because of hard to fill vacancies and additional traded income being received due to delays in academisation. Vacancies temporarily being filled from secondments across Strategic Finance and Finance Delivery. This underspend also reflects the implementation of spending controls. • An underspend in Commercial and Contracts of £0.292m due to increased ESPO dividend income as well as reductions on consultancy spend and in-year salary savings due to vacancies. • Finance Transformation is showing an underspend of £0.128m attributable to in-year staff vacancies and reductions in spend on project resource which may be required for use in 2025/26. • An underspend of £0.097m within Business Support due to in-year staff vacancies in line with spending controls. • Treasury and Audit are forecasting to underspend £0.085m mainly due to in year staff vacancies. The underspend is partially offset by: • An overspend of £0.022m within the Director area due to a small overlap between the previous and new Directors being in post.
Change in the remaining Service Position since the position reported at Quarter 2 (Increased underspend of £0.398m)
The main reasons for the increased underspend are:

• Within Finance Transformation due to in-year vacancies which are not expected to be filled this financial year and a reduction in spending on professional fess there is an increase in underspend of £0.167m. • Due to the in-year spending controls the number of vacancies not being filled within Business Support has meant that there in a change to the forecast which increased the underspend by £0.104m. • In Commercial & Contracts the forecast underspend increased by £0.080m which was mainly due to ESPO dividend income being higher than had been forecast previously
Change in the remaining Service Position since the position reported at Period 7 (Increased underspend of £0.431m)
The main reasons for the increased underspend are: • Within Finance Transformation due to in-year vacancies which are not expected to be filled this financial year and a reduction in spending on professional fess there is an increase in underspend of £0.178m. • Due to the in-year spending controls the number of vacancies not being filled within Business Support has meant that there in a change to the forecast which increased the underspend by £0.108m. • In Commercial & Contracts the forecast underspend increased by £0.106m which was mainly due to ESPO dividend income being higher than had been forecast previously.
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: £0.729m underspend; -9.25% P7 forecast: £0.530m underspend; -6.95% Q2 forecast: £0.391m underspend; -5.44%
Explanation of the Investment Funds (£0.058m)
This forecast on the Investment funds relates to the following underspends which have been offered in line with spending controls: • £0.028m Cost of Living projects • £0.030m Information & Advice projects.
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 £0.598m; -7.59% P7 forecast: underspend £0.518m; -6.8% Q2 forecast: underspend £0.379m; -5.27%
The forecast net underspend largely comprises of: • A forecast over recovery of income £0.515m 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 partially offset by an increase in locum costs to cover the external client work. • Community Partnerships are forecasting to underspend by £0.103m which is largely due to the fact the service has undergone a 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 £0.074m 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 £0.060m.

• An underspend of £0.037m is forecast within Corporate Policy and Commissioning due to staff movements and an in-year graduate vacancy. The underspends are partially offset with: • An overspend of £0.128m within Change Programmes due to the costs of the new Verto licence and Consultancy. In addition, there are costs relating to the Client Records Information System project which are being met from the overall underspend as they are outside the agreed project funding,
Change in the remaining Service Position since the position reported at Quarter 2 (Increased underspend by £0.219m)
The main reason for the increased underspend is within Legal and Governance where there is a movement of £0.272m. This was because the actual cost of the pay award was less than previously estimated. This was offset by a movement of £0.53m within the Change Programmes area due to the decision to meet the additional CRISP costs from within the Directorate rather than seeking a Revenue Investment Fund contribution.
Change in the remaining Service Position since the position reported at Period 7 (Increased underspend by £0.080m)
The increased underspend is mainly due to the fact that Legal Services were forecasting the anticipated pay award to be higher than it actually was which increased the underspend by £0.133m. This was offset by a movement of £0.58m within the Change Programmes area due to the decision to meet the additional CRISP costs from within the Directorate rather than seeking RIF funding.
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: £0.728m underspend; -6.29% P7 forecast: £0.555m underspend; -5.02% Q2 forecast: £0.619m underspend; -5.60%
Explanation of the Investment Funds (£0.00m)
There is no investment funding.
Explanation of the Earmarked Reserves (£0.023m)
The forecast drawdown comprises of: • £0.010m contribution to the Corporate Apprenticeship Fund reserve. • £0.032m drawdown from the Museum, Records and Libraries Trust Funds and Bequests reserve.
Explanation of the Remaining Service net underspend £0.751m; -6.48% P7 forecast: underspend £0.617m; -5.58% Q2 forecast: underspend £0.682m; -6.17%
The forecast underspend is mainly because of: • Overachievements of income and savings on in year staff vacancies of £0.283m within HR Advisory and HR Service Centre. • Within People & Organisational Development an underspend of £0.273m is forecast due to in year staff vacancies (£0.065m), reduced training and Professional Fees expenditure and an over achievement of income (£0.196m). • An underspend of £0.123m in HR Strategy due to in year salary savings forming part of the spending controls. • Libraries, Heritage and Registration are forecasting an underspend of £0.061m which is mainly due to in year staff vacancies.

Change in the remaining Service Position since the position reported at Quarter 2 (Increased underspend of £0.069m)
The increased underspend was due to the continued holding of vacancies across HR Strategy and HR Enabling in addition to more registration fee income being forecast.
Change in the remaining Service Position since the position reported at Period 7 (Increased underspend of £0.134m)
The increased underspend was due to the continued holding of vacancies across HR Strategy and HR Enabling in addition to more registration fee income being forecast. There is also an increase in the forecast for salary sacrifice income due to the continued increasing uptake of the staff benefits.
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 Resourcing

Corporate Services and Resources – (£33.555m underspend; +22.0%) P7 Forecast:-£30.795m underspend; 21.0%. Q2 Forecast:-£30.681m underspend; 21.0%
Explanation of the Investment Funds (£0.000m)
N/A
Explanation of the Earmarked Reserves (£-15.493m)
(£18.000m) contribution to earmarked reserves (Medium Term Financial Risk Reserve), to provide for medium-term financial risks including the DSG High Needs deficit per the approvals in the 2024/25 budget. (£0.062m) net income forecast on Warwickshire Investment Fund to be added to the Commercial Risk reserve. £2.340m 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. £0.181m forecast overspend on general insurances to be transferred from the Insurance Fund Reserve which covers additional costs associated with self-insuring. £0.048m on the Apprenticeship Levy to be funded from the Corporate Apprenticeship Fund reserve.
Explanation of the Remaining Service net underspend (£18.062m); 11.9% P7 Forecast:-£15.359m underspend; 10.5%. Q2 Forecast: -£15.304m underspend; 10.5%
Remaining service variance is largely a result of Treasury Management income performance exceeding targets by £10.5m 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. Additional one-off 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. Following the Green Book pay award settlement, there is also a £2.2m underspend on the corporate pay award budget.
Change in the Remaining Service position since the position reported at Quarter 2 (increased underspend of £2.758m)
The change from Q2 reflects the impact of the Green Book pay award settlement now being forecast.
Change in the Remaining Service position since the position reported at P7 (decrease of £2.703m)
The change from P7 reflects the impact of the Green Book pay award settlement now being forecast.
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.