

Leader Decision
26 March 2020
Service Estimates 2020/21

Recommendations

That the Leader:

- 1) Approve the detailed revenue budget, savings plan and capital programme for each of the Authority's services set out in Appendices A to M; and
- 2) Note the adjustments to service budgets as a result of the realignment of budgets within and between directorates since the budget was set on 18 February 2020, as outlined in Section 3 and Appendix N.

1. Purpose of the Report

- 1.1. The County Council is responsible for providing a wide range of services which involve spending significant amounts of both revenue and capital funds. To help ensure that these funds are used effectively, financial responsibilities are delegated to the most appropriate level.
- 1.2. The Council budget setting meeting on the 18 February 2020 agreed the financial plan for the authority for 2020/21, as well as approving the five-year Medium Term Financial Strategy. The purpose of this report is to seek agreement, at a more granular level, as to how each Service plans to use the resources allocated in 2020/21 to meet the ambitions of the Council Plan.
- 1.3. It is important that Members retain an overview of the Council's financial plans and are able to ensure that resources are allocated as intended when the Council's overall budget was approved on 18 February 2020. Therefore, this report also asks Members to note the changes to allocations since the budget was set as a result of the on-going restructuring of the Authority.
- 1.4. The figures will form the basis for financial monitoring throughout the forthcoming financial year. It is important as part of their governance role that Members understand and support any changes made to the budget during the

year. Therefore, where such changes are necessary, this will be reported as part of the quarterly financial monitoring reports to Cabinet.

2. Spending Power

- 2.1. Table 1 provides a summary of the available resources to each Service and the budget reduction each Service is required to deliver in 2020/21. The planned revenue spend of the Council in 2020/21 is £314.4m. This is net of the £6.2m budget reductions required for the overall budget to remain balanced. The planned capital spend for the year is £179.1m, although £51.3m of this relates to s278 developer funded highways schemes where the timing of any spend is more uncertain. In addition, there is £31.9m of Capital Investment Fund resource available for allocation to projects.
- 2.2. A more detailed breakdown of the net revenue spend (direct cost less income), capital programme and savings plan for each service is shown in **Appendices A to M**. It is these figures that will form the starting point for the financial monitoring element of the quarterly budget monitoring reports.

3. Adjustments between Council and Service Estimates

- 3.1. A number of changes have been made to individual Services' revenue budgets since the Council budget was approved and this report. These are due to realignment of responsibilities flowing from the ongoing organisational redesign. These adjustments all offset each other and do not impact on the net bottom line.
- 3.2. The only other material change is to reflect the additional £5.4m Dedicated Schools Grant that has been confirmed since the budget was agreed. The increase is shown as additional spend in Education Services and increased grant income in Corporate Services and resourcing.
- 3.3. The changes are listed in **Appendix N**, by Service.
- 3.4. There are likely to be further transfers of staffing and resourcing during 2020/21 as the remaining services complete their organisation service redesign and the delivery of the contract management savings across services is agreed. These will be reported to Cabinet as part of the quarterly financial monitoring reports.

Table 1: Summary of 2020/21 Spending Power and Savings Plan by Service

App	Service	Service Estimates Net Revenue Spend £m	Council Savings Plan £m	Capital Spend £m
	Communities Directorate			
A	• Education Services	118.394	0.279	41.411
B	• Environment Services	25.920	0.200	86.875
C	• Fire and Rescue	21.153	-	5.742
D	• Strategic Commissioner for Communities	21.486	-	25.475
	People Directorate			
E	• Adult Social Care	158.006	0.400	-
F	• Children and Families	59.332	0.194	0.232
G	• Strategic Commissioner for People	33.802	-	-
	Resources Directorate			
H	• Business and Customer Services	17.073	1.140	0.168
I	• Commissioning Support Unit	4.609	0.405	-
J	• Enabling Services	24.741	0.774	16.664
K	• Finance	4.274	-	-
L	• Governance and Policy	0.701	0.040	2.499
M	Corporate Services and Resourcing	(175.077)	2.777	31.914
	Total	314.414	6.209	210.980

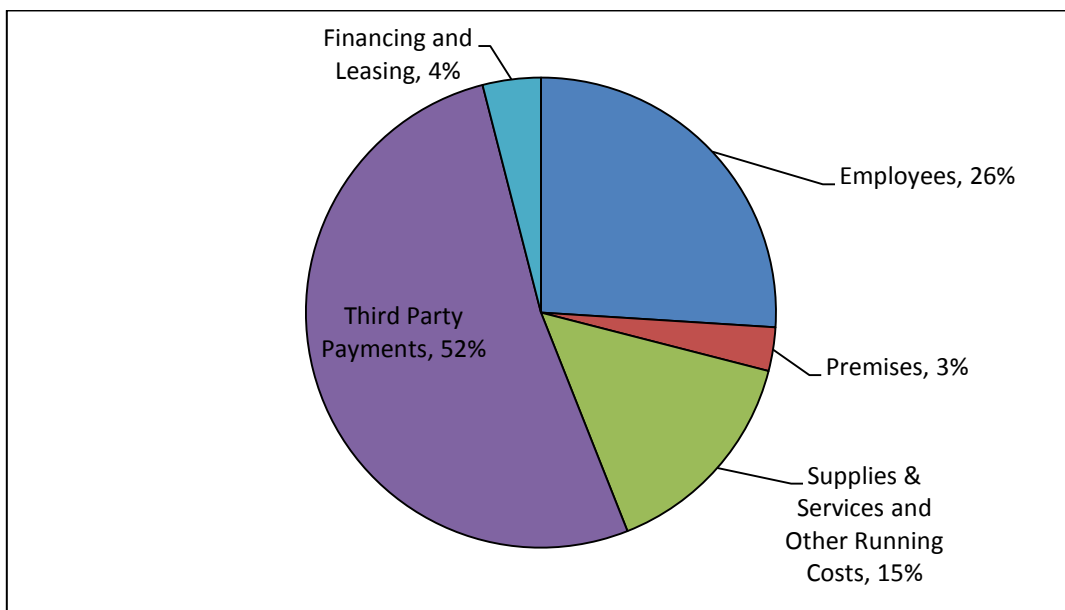
4. Type of Spend

- 4.1. Our spending on services funded from council tax (including the Adult Social Care Precept), Business Rates and reserves in 2020/21 is planned to be £385.9 million. However, this net figure includes £270.1 million of income. Of this, £156.7 million is from government grants. The remaining £113.4 million comes mainly from other grants and contributions, fees and charges, and interest.
- 4.2. The gross spend of the authority on services in 2020/21 is therefore forecast to be £656.0 million. This compares to a gross spend figure of £619.3 million

in 2019/20. The main reasons for the increase of £36.7 million are funding for inflation and additional spending pressures allocated to services at February budget.

- 4.3. Chart 1 shows a breakdown of the gross revenue budget by type of expenditure (excluding Schools). It shows that for the first time in 2020/21 more than half of the Authority’s spend is on services commissioned from third parties. This reflects the continued growth in demand for adults and children’s social care and support, where provision is commissioned externally, in both absolute and relative terms.

Chart 1: Subjective Analysis of Gross Revenue Spend



- 4.4. Table 2 shows the change in the type of expenditure budgeted between 2019/20 and 2020/21.

Expenditure type	2019/20	2020/21
	%	%
Employees	27	26
Premises	4	3
Supplies and Services and Other Running Costs	16	15
Third Party Payments	48	52
Financing and Leasing Costs	5	4
Total	100	100

5. Financial Implications

- 5.1. There are no direct financial implications for the Authority arising from the report. It provides the baseline from which financial performance in 2020/21 will be monitored and assessed.
- 5.2. A review of the 2020/21 business planning and budget process is currently underway. This will identify the improvements made as part of developing the 2020-25 Medium Term Financial Strategy and Council Plan 2025 and where there are opportunities to build on these with further improvements. The outcomes from this review will be reported to Cabinet, alongside proposals for the 2021/22 service and financial planning process in June 2020.

6. Environmental Implications

- 6.1. There are no direct environmental implications resulting from this report although all services delivered by the Council carry some implications.

7. Background Papers

- 7.1. None

	Name	Contact Information
Report Author	Andy Healey	01926 742608 Andrewhealey@warwickshire.gov.uk
Assistant Director	Andy Felton	01926 412441 Andrewfelton@warwickshire.gov.uk
Strategic Director	Rob Powell	01926 412564 Robpowell@warwickshire.gov.uk
Portfolio Holder	Cllr Peter Butlin	Peterbutlin@warwickshire.gov.uk

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