

AGENDA MANAGEMENT SHEET

Name of Committee

Cabinet

Date of Committee

28 January 2010

Report Title

2009/10 Projected Revenue Outturn – Quarter 3

Summary

The report summarises the projected revenue outturn as at the end of quarter 3. It highlights the main reasons for any variations from the approved budget for each service and the projected reserves position at the year-end.

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Would the recommended decision be contrary to the Budget and Policy Framework?

No.

Background papers

Projected spend and budget monitoring papers held by individual directorates.

CONSULTATION ALREADY UNDERTAKEN:-

Details to be specified

- Other Committees
- Local Member(s)
- Other Elected Members Cllr Tandy, Cllr Roodhouse, Cllr Appleton, Cllr Gittus, Cllr Davis, Cllr Moss - for information.
- Cabinet Member Cllr Farnell, Cllr Heatley – ‘approved for consideration’.
- Chief Executive .
- Legal Sarah Duxbury – for clearance.
- Finance David Clarke - reporting officer.
- Other Chief Officers The relevant Strategic Director has prepared comments in the individual appendices.
- District Councils

Health Authority

Police

Other Bodies/Individuals Janet Purcell, Cabinet Manager

FINAL DECISION NO

SUGGESTED NEXT STEPS:

Details to be specified

Further consideration by this Committee The final Service Outturn will be reported in June 2010.

To Council

To Cabinet

To an O & S Committee

To an Area Committee

Further Consultation

Cabinet - 28 January 2010

2009/10 Projected Revenue Outturn – Quarter 3

Report of the Strategic Director, Resources

Recommendations

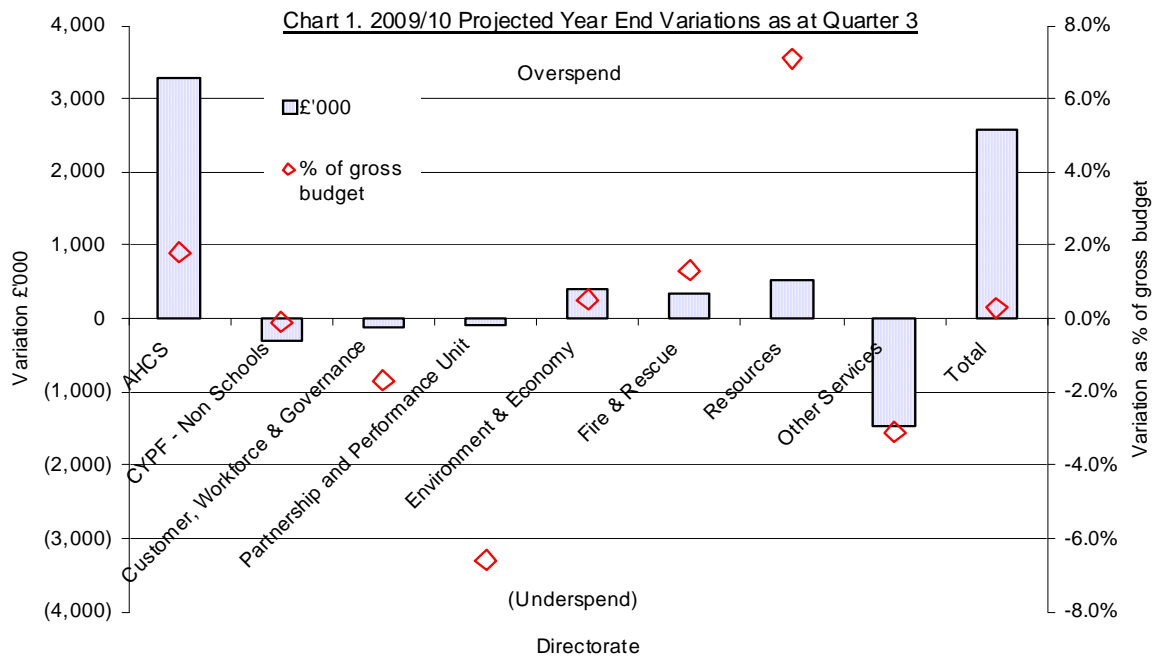
1. That Cabinet notes the 2009/10 projected revenue outturn position and the projected reserves at year-end, and requests directorates to take appropriate management action to try to ensure that spending remains within budget.
2. That Cabinet approves the net contributions to reserves totalling £0.025 million in 2009/10 as detailed in paragraph 5.2 of the report.

1 Purpose

- 1.1 This report outlines the 2009/10 projected revenue outturn based on information known at the end of the third quarter. The report highlights any service consequences resulting from directorates' projected spending levels and reports on the consequent effect on the County Council's reserve levels.

2 Overall Position

- 2.1 At the end of quarter 3 the projected revenue outturn position for the authority is an overspend of £2.660 million. It should be noted that £1.430 million of this overspend relates to the schools budget. Chart 1 overleaf shows the predicted over/underspend for each directorate compared to the current budget, the projected variation as a proportion of the gross budget of each directorate, and the authority's overall position.



3 Spending Compared With Estimates

3.1 The original budget was approved by Council in February 2009. Since then the authority has restructured the way it delivers its services requiring the movement of budgets across the directorates. Table 1 below shows a summary of the projected year-end position of each directorate with reconciliation back to the net original service budgets.

Table 1: Summary of Projected Variations						
Appendix No.	Service	Original Budget £'000	Restructuring transfers £'000	Approved Revisions £'000	Current Adjusted Budget £'000	Projected Overspend/ (Underspend) £'000
A	Adult, Health & Community Services	129,570	(2,216)	4,388	131,742	3,287
B	CYPF - Non schools	111,172	(1,444)	(3,708)	106,020	(299)
B	CYPF - PFI & other schools related					
B	CYPF - Schools					
Ci	Customer, Workforce & Governance <small>(note 1)</small>	2,501	2,274	517	5,292	(118)
Cii	Partnership and Performance Unit <small>(note 1)</small>	0	1,499	45	1,544	(102)
D	Environment & Economy	60,593	1,667	703	62,963	397
E	Fire & Rescue	25,872	(1,655)	(608)	23,609	350
F	Resources	1,615	(125)	(1,144)	346	515
G	Other Services	33,314		(14,169)	19,145	(1,459)
	Total	364,637	0	(13,976)	350,661	2,660

Note 1: For information purposes, Customers, Workforce and Governance and Partnership and Performance Unit are shown separately.

- 3.2 The approved revisions include Area Based Grant (ABG) allocations of £14.735 million from Other Services to various lead directorates that were approved by Public Service Board since April 2009. These together with £4.114 million previously approved at Council in February 2009 make the total ABG allocations for 2009/10 to directorates £18.849 million (See **Appendix G**).
- 3.3 The current budget is £13.976 million lower than the original budget reported to Cabinet on 19 March 2009. The main reasons are summarised in Table 2 below.

Table 2: Summary of Approved Revisions to the Adjusted Budget	
Description	£'000
Rescheduling of repayments to the Virtual Bank	885
Net transfer to reserves following the repayment of overspends in 2008/09 and drawdowns approved up to quarter 2 2009/10	(1,163)
Use of general reserves to fund grass cutting/specified service spend approved by Council since April 2009	1,790
Revised depreciation charges	(14,788)
Total	(13,276)

- 3.4 The main restructuring adjustments are shown in Table 1. Any further restructuring 'tidying up' virements between directorates that are required over the coming months will be approved by the Strategic Director, Resources in consultation with the relevant portfolio holder or holders in line with delegated authority agreed by Cabinet in September 2009.

4 Commentary on Performance

- 4.1 The commentary below provides brief information on the major themes behind the £2.660 million forecast overspend within directorates. It should be noted that the forecast overspend has reduced by £4.280 million since the quarter 2 report. The full details on directorates projected outturns are included in **Appendices A to G** to this report.
- 4.2 The significant issue impacting on the forecast outturn is the potential overspend in Adult Health and Community Services. Although the forecast overspend has reduced since quarter 2 it is still £3.287 million. £2.098 million of this relates to Local Commissioning where they are experiencing increases in demand greater than planned for when the 2009/10 budget was set. The service is also struggling to meet their savings target. This is also true of Communities and Wellbeing - Libraries, Leisure and Culture where the underachievement of 2009/10 budget savings targets, income generation, and the consequences of one-off savings used to meet savings targets in 2008/09 not available in 2009/10 mean the service is forecasting an overspend of £1.172 million. Of this £1,172 million overspend, £0.742 million relates to underachievement of permanent savings and the balance of £0.430 relates to one-off savings used previously that are not available again in 2009/10. The directorate is investigating options to reduce this overspend by the end of the year.

- 4.3 Overall the Children, Young People and Families directorate are forecasting an underspend of £0.210 million. This includes a forecast overspend of £1.430 million by schools as a result of a more difficult financial position and the authority's harder line on schools holding balances. However, the directorate are still facing significant demands on their services. In particular, the Looked after Children service in North Warwickshire and Nuneaton and Bedworth have experienced a 14% rise in the number of statutory cases open to the local authority, a doubling in the number of care proceedings being initiated and a 26% increase in the numbers of children subject of a child protection plan. This has resulted in a forecast overspend for the service of £1.476 million. The directorate are managing this pressure with underspends in other areas, particularly Out of County placements where the authority has managed to reduce the average cost of provision despite increases in demand.
- 4.5 The Customer, Workforce and Governance directorate are predicting an overall underspend of £118,000 (**Appendix Ci**) for quarter 3, but there are still a number of significant overspends in services areas such as Pay and Conditions, Coroners, In-House Creative (design service) and Localities.
- 4.6 The Partnership and Performance Unit (PPU) are forecasting an underspend of £102,000 (**Appendix Cii**) for quarter 3 due to a number of vacancies being carried by the service.
- 4.7 The Environment and Economy (E&E) directorate are predicting an overspend of £0.397 million in quarter 3 a significant reduction from their quarter 2 forecast of £1.151 million. This reduction is the result of a number of service areas forecasting underspends. There has been a saving on the new contract for Street lighting and in County Highways through planned savings in the Highways contract. Additional income has been raised from civil parking enforcement and from utilities after roadworks. In addition, there have been savings in vacant posts within Regeneration Projects and Funding and Economic Development and Business support. However, it should be noted that there still are some service areas with significant overspends. The Skills Delivery service is forecasting an overspend of £0.976 million as contracts have generated less income than expected. The future challenges for this service were discussed at Cabinet on 30 July 2009. The Projects Team within the Resources Directorate are currently working on the options for the way forward. There is also a shortfall on developer income due to the downturn in the economy. The directorate are also still trying to clear the overspend from 2008/09 which was the first call on this years budget.
- 4.8 The Fire and Rescue Service are forecasting an overspend of £0.350 million. This due to the continuing costs of the Atherstone on Stour incident and the decision to invest in additional training (**Appendix E**). The funding of the Atherstone on Stour costs will be considered as part of the Budget and Medium Term Financial Planning process and will be reported separately to members once the outcome of the investigation is known.
- 4.9 The Resources directorate are forecasting an overspend of £0.515 million (**Appendix F**). The cost of maintaining surplus properties has increased resulting in a £0.329 million overspend. There has been a slower than expected expansion of the procurement service leading to an

underachievement of procurement savings, a forecast overspend of £0.600 million. A number of under spends in Payroll and IT projects have offset these overspends.

- 4.10 Other Services, are predicting an underspend of £1.459 million (**Appendix G**). This is mainly due to external cash managers performing significantly better than expected along with reduced interest payments on long-term borrowing.
- 4.11 Any projected underspends by services form a contribution to their reserves. This money is then available to support spending in future years, subject to the scheme of carry forwards. Plans to use any underspend to finance spending in 2010/11 will be considered as part of the 2010/11 budget process.

5 Reserves and Virements

- 5.1 Over the year our reserves are forecast to reduce from £46.839 million to £42.907 million at 31 March 2010. This is a reduction of 8.4% since the beginning of the year. Details are shown in Table 3 below.

Table 3: Reserves Projection					
Reserve	In-hand / (overdrawn) 1/4/2009 (Revised) £'000	Previously approved contribution/ (use) in £'000	Additional contribution/ (use) requested £'000	Effect of Projected Variation £'000	Estimated In-hand/ (overdrawn) 31/3/2010 £'000
General Reserves	8,897	(3,124)		1,459	7,232
Capital Fund (note 1)	331	(300)			31
Insurance Fund (note 2)	16,356	(7,105)			9,251
Realigning Services (note 2)	0	7,105			7,105
Earmarked - Schools	12,698			(1,430)	11,268
Earmarked - Non Schools	8,557	2,152	25	(2,714)	8,020
Total	46,839	(1,272)	25	(2,685)	42,907

Note 1 – The capital fund is used to help fund capital expenditure as required. Changes were reported separately as part of the capital review to Cabinet in September 2009.

Note 2 – On 30 July 2009 Cabinet approved the release of £7.105 million in the Insurance Fund (Avon Valley Suspense Account) and for this to be set aside instead as a provision for meeting the upfront costs of realigning the services of the County Council in response to future resource projections. This new reserve is shown as 'Realigning Services' in the table above.

- 5.2 Members are asked to agree/note the following changes to reserves that have been requested by directorates based on their current projected position. The net effect being a one-off transfer into reserves of £0.025 million in 2009/10:

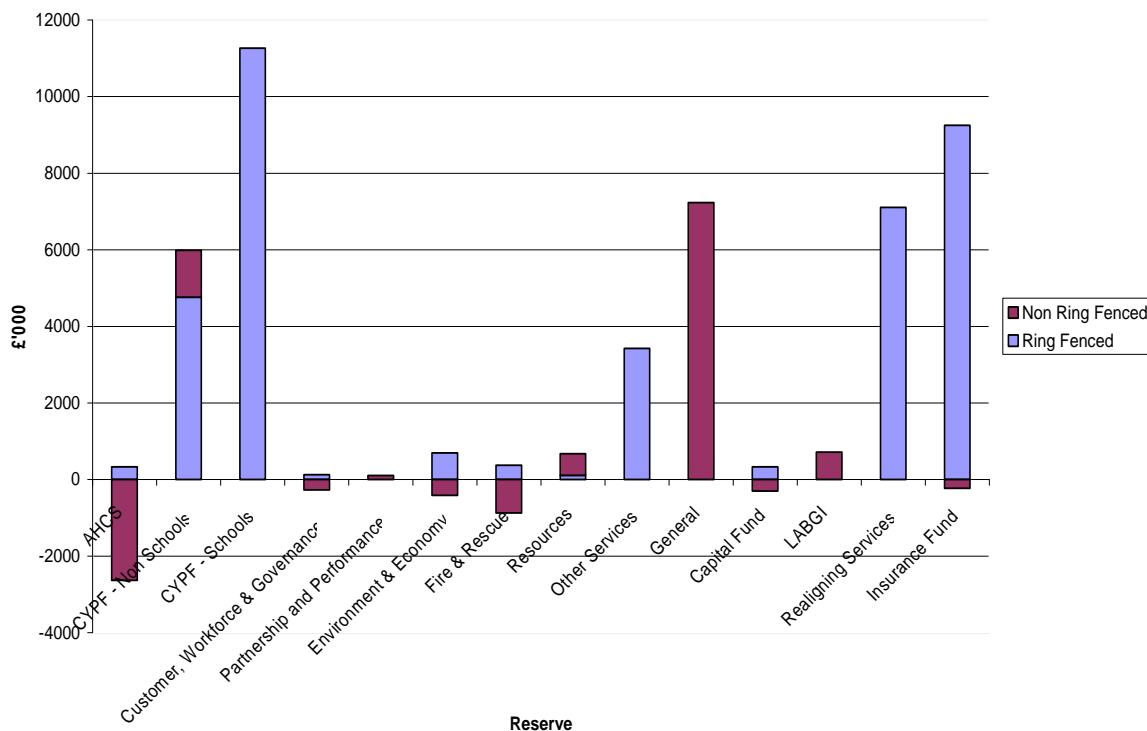
- The Customer, Workforce and Governance directorate are requesting to transfer their current £126,000 underspend in relation to the Drug and Alcohol Action Team and Adult Pooled Treatment budgets into a ring-fenced reserve to support spending in 2010/11. They have also reclassified the breakdown of their existing reserves so that any existing non ring-fenced ones are combined in their general service savings reserves, and are requesting a drawdown of £112,000 from

these general savings reserves to support the current overspend of £112,000 in relation to Localities.

- The Environment and Economy directorate are requesting to drawdown £0.171 million from their reserves to fund the contribution to Flood Defence schemes in Alcester and Broom. They are also requesting the transfer of £0.182 million to their reserves which is funding set aside for the further rollout of the civil parking enforcement scheme.

5.3 Reserves are held in accordance with the Council’s reserves policy. Overdrawn reserves (except Virtual Bank, Fire Pensions and the Schools IT loan reserves) are a first call on 2010/11 budgets. Meanwhile, any directorate reserves that are overdrawn in the current year are effectively a temporary call on General Reserves until they are repaid. Reserves are analysed in more detail in **Appendix H**. The projected year-end balances (net of the Virtual Bank) are summarised in Chart 2 below.

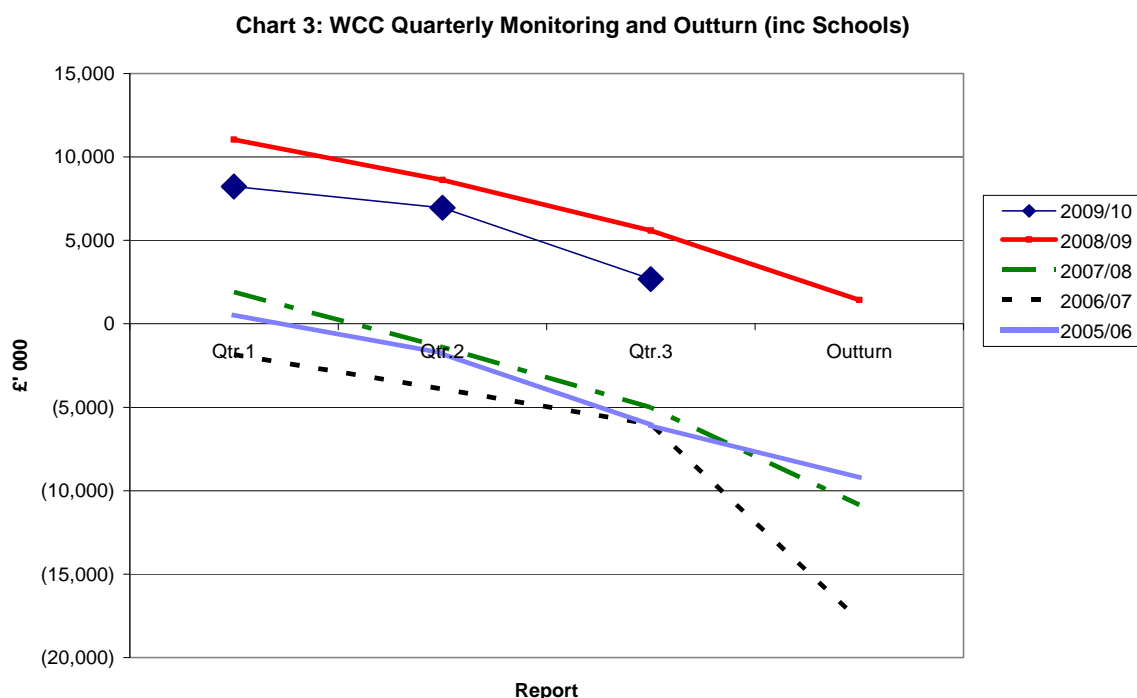
Chart 2: Projected 2009/10 Reserve Levels



5.4 General reserves are projected to be at £7.232 million by the end of the year. This is below the £8.500 million recommended by the Strategic Director, Resources as the minimum adequate level of general reserves at the start of the year as some of the contingencies included in the risk assessment have been used. Any need to replenish reserves will be considered as part of the 2010/11 budget process. This will include the Strategic Director, Resources updating the risk assessment of the minimum adequate level of general reserves.

6 Movements in Projections

6.1 Chart 3 below shows how the projected variation to budget (including Schools) has moved for each quarterly report throughout the year for the previous four years. There is a clear pattern that projected outturn variations have been consistently significantly higher than the eventual outturn for each year. The 2009/10 projected outturn in both quarter 1 and quarter 2 (marked by the diamond on the chart) are currently following this pattern. However, it does not necessarily follow that this will be the case when the out-turn is reported in June 2010.



DAVID CLARKE
Strategic Director, Resources
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14 January 2010

Adult Health and Community Services Directorate**Projected Revenue Outturn 2009/10 for quarter 3**

A	B	C	D	E	F
Service (including responsible officer/s)	Revised Net Budget £ '000	Projected Overspend/ (Underspend) £ '000	Reason for Variation	Management Action	Service Consequences/ Impact on performance
Strategic Commissioning (Kim Harlock)	4,155	(57)	Opportunities to reduce spending have been identified and savings made against staffing vacancies.	None.	No impact on services.
Local Commissioning (Liz Bruce)	83,518	2,098	Slippage against budget savings targets and service pressures across all client groups. The largest variations relate to £2,100,000 overspend for OP/PD and £1,100,000 overspend for LD. However, the implementation of management actions to more tightly control spending on packages has caused the forecast overspend to significantly reduce from £2,868,000 at Q2.	Ongoing identification of further savings initiatives and a review of the causes of pressures is being undertaken and actions to control spending pressures have been implemented.	Performance in the delivery of services is good and this is a driver of spending pressures, but the majority of the overspend is slippage against savings targets.
Communities and Wellbeing - Local Provider Services (Ron Williamson)	15,455	243	The overspend is due in the main to agency costs and some other wages related costs.	Continuing review of cost pressures to improve efficiency.	Standards and levels of service provision will be maintained.
Communities and Wellbeing – Libraries Learning and Culture (Ron Williamson)	11,727	1,172	Underachievement of permanent savings of £742,000 and the effect of one offs totalling £430,000. Caused by lack of income generation, and the consequences of one-off savings used to meet savings targets in 2008/09, not available in 2009/10.	Management team are investigating further options to make savings.	New charging policies have reduced demand for public PCs in libraries.
Resources	16,085	(63)	Slippage on meeting savings	None.	No Impact on Services.

(Ron Williamson)			targets. This has reduced since Q2 due to the decision not to spend a budget set aside and identification of one off underspends.		
Directorate	802	(106)	None.	None.	None.
Total	131,742	3,287			

General Comments:

The saving target for the Directorate in 2009/10 is £6.6 million, a threefold increase in size compared to what it has been in recent years. The capacity of the directorate to meet this will be a key influence on the eventual outturn.

Childrens, Young People and Families Directorate**Projected Revenue Outturn 2009/10 for quarter 3**

Service (including division)	Revised Net Budget £000	Projected Overspend /(Underspend) £000	Reason for Variation	Management Action	Service Consequences/ Impact on performance
Looked After Children– North Warwickshire / Nuneaton & Bedworth Area (Children in Need Division)	9,087	1,476	<p>This is a forecast over-spend in the Nuneaton & Bedworth area of £1,113,000 as well as a £363,000 over-spend in the North Warwickshire area. Within these two areas the forecast over-spend consists of £310,000 for staffing, internal fostercare over-spend of £453,000 with an external fostercare over-spend of £274,000. The other service related budgets within these areas are also forecast to over-spend by £439,000 including £140,000 for client transport. These pressures are as a result of an increased number of children and additional demands from the courts. In the past year there has been:</p> <ul style="list-style-type: none"> ➤ A 14% rise in the number of statutory cases open to the local authority. ➤ A doubling in the number of care proceedings being initiated. ➤ A 26% increase in the numbers of children subject of a child protection plan. 	The Children in Need Senior Leadership Team are continuing to carefully monitor the Childrens' Social Care Budget which is both a complex and volatile demand led budget, however these services must be provided. Any vacancies that have / will arise through staff turnover have / will be held (if possible) to off-set the over-spend.	<p>These pressures are currently being offset by one off savings. However the Directorate will continue to carefully monitor any potential service consequences with a focus on the management of risk.</p> <p>These issues have been highlighted as budget pressures as part of the budget setting process for 2010/11.</p>

Item 2 Appendix B

Service (including division)	Revised Net Budget £000	Projected Overspend / (Underspend) £000	Reason for Variation	Management Action	Service Consequences/ Impact on performance
Early Intervention Service (EIS) (Family & Community Division)	4,385	362	The service is supporting four service development posts created to support the move to locally integrated services and workforce development, until August 2011.	Efficiency measures are in place to attempt to limit the over-spend and possibly reduce it.	The over-spend will be met from Dedicated Schools Grant (DSG) reserves & other under-spends within the DSG.
Hospital Tuition (Family & Community Division)	463	(464)	This forecast under-spend is the result of reduced fees negotiated with other local authorities. This one off saving in 2009/10 is the result of no longer requiring provisions made for previous year's invoices which were in dispute.		The service should manage to operate within its budget for the foreseeable future. This is a DSG funded service.
Out of County Education (Commissioning, Planning and Partnerships Division)	9,743	(937)	The demand for Out of County placements has substantially increased over the last two years. The budget has been increased to reflect this increase in demand. However, the Authority has been developing alternative strategies to support these young people. Although the number of pupils being supported continues to increase, the Authority has managed to reduce the average cost of provision. This have meant costs have not increased at the expected rate (which was in the budget), resulting in an under-spend.	The Service continues to investigate a range of options, including mainstream provision where this is appropriate.	The Directorate will have less of a need to reduce reserves at year end to fund overspends in other areas. This is a DSG funded service.

Item 2 Appendix B

Service (including division)	Revised Net Budget £000	Projected Overspend /(Underspend) £000	Reason for Variation	Management Action	Service Consequences/ Impact on performance
In Year Education Statements (Commissioning, Planning and Partnerships Division)	1,507	368	The number of statements has increased during the last year. In addition the complexity of need of children and young people has increased - resulting in the average statement value increasing. The majority of new statement referrals are issued for Social Communication and Interaction Difficulties and Social, Emotional and Behavioural Difficulties.	This complex and volatile demand led budget continues to be closely monitored, considering both trends in pupil numbers and the more complex nature of pupil needs.	The over-spend will be met from DSG reserves & other under-spends within the DSG.
One – off Income (Various Divisions)	0	(600)	Inter- authority disputes concerning previous years / services provided have now been settled in our favour. This will be a one-off saving for the Directorate.	None.	The Directorate will have less of a need to reduce reserves at year end to fund overspends in other areas.
Other Minor Under-spends	(171,275)	(504)	This position includes a number of overspends and under-spends.	Budgets are monitored by monthly cost centre management and quarterly meeting and report to the Directorate Leadership Team (DLT).	The Directorate will have less of a need to reduce reserves at year end to fund overspends in other areas.
Directorate - Non PFI / Non Schools - Sub Total	(146,090)	(299)			

Item 2 Appendix B

Service (including division)	Revised Net Budget £000	Projected Overspend /(Underspend) £000	Reason for Variation	Management Action	Service Consequences/ Impact on performance
Schools Loans & Other	(18,994)	(1,742)	This is partly due to the decision of the School Forum not to allocate additional DSG grant received in 2009/10 (above the authority's estimate) but to decide its use as part of the 2010/11 budget process. This under-spend is also partially due to the repayment of school loans exceeding the cost of the new loans given out during the year.	None.	None.
Private Finance Initiative (PFI) (We-learn programme)	0	401	This is a technical over-spend for a reducing balance on a PFI credit; this will be offset against the ear-marked PFI reserve.	None.	None.
Schools	271,104	1,430	Schools are predicting to continue to utilise and reduce their balances. This is a consequence of both a more difficult financial position and the Authority taking a stronger line on schools holding balances.	Schools will be producing forecast throughout the year and the over-spend will reduce school balances.	Reduction in school balances.
Total	106,020	(210)			

General Comments:

Current forecasting methodologies and systems result in the most up to date forecast being recorded and this is what is reflected in the projected forecast column above. All CCM's are aware of the forecasted financial position of the directorate in 2009/10 as well as the budgetary position of the authority for 2010/11. These cost centre managers' are continually refreshing their spending intentions to achieve the most effective service while minimising the costs.

CUSTOMERS WORKFORCE & GOVERNANCE DIRECTORATE**Projected Revenue Outturn 2009/10 for quarter 3**

A	B	C	D	E	F
Service (including responsible officer/s)	Revised Net Budget £ '000	Projected Overspend/ (Underspend) £ '000	Reason for Variation	Management Action	Service Consequences/ Impact on performance
Pay & Conditions (Bob Perks)	(34)	97	Pay & Conditions costs for this financial year will exceed the budget allocated to this project's budget for 2009/10.	Halt all discretionary expenditure and freeze all vacant posts within Human Resources until further notice.	Services provided by Workforce Strategy & Development may take longer to complete as a result of vacant posts and the freeze in expenditure.
Coroners (Kushal Birla)	464	226	Costs of Collette Lynch Inquest continue to rise.	Long-term solutions to higher than expected costs within the Coroners are being considered within the 2010/11 Budget. It is anticipated that these costs will be met from corporate resources.	The running of Coroner's service, particularly with regards to an inquest is not within the direct control of the Customers Workforce & Governance Management. A report will be brought to members outlining a longer term approach to funding the service.
In-house Creative (Kushal Birla)	5	90	Budgeted income levels are not currently being achieved.	Review of print & design business units has been undertaken, all discretionary expenditure has been stopped within	This shortfall in income will have a negative impact on Customers Services project plans. This is the main area where

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				the Customer Service & Communication Directorate, and In-house Creative operations have been scaled back to a sustainable level.	discretionary spending can be delayed in order to return the division to budget.
Customer Contact Support (Kushal Birla)	378	(95)	Management has worked to return year-end forecast to favourable outturn, after unfavourable quarter 2 submission. This includes the freezing of all discretionary spend within the Customer Service & Communications divisions.	Continue to review all expenditure across directorate to ensure forecast is achieved.	Scheduled projects delayed until 2010/11.
Safer & Stronger Communities (Tony Archer)	14	(1)	Underspend in current year.	None.	No impact on services.
Drug & Alcohol Action Team (Kit Leck)	167	(47)	Underspend due to timing of activity.	Move to reserves to cover expenditure in 2010/11.	No impact on services.
Adult Pooled Treatment (Kit Leck)	212	(78)	Underspend due to timing of activity.	Move to reserves to cover expenditure in 2010/11.	No impact on services.
Localities (Nick Gower-Johnson)	0	112	Expenditure related to non-recurrent activity. This expenditure will be met through the release of funds from CWG Reserves.	Draw down from reserves to offset expenditure as follows: £47,030 from Social Inclusion Fund, £65,000 from Customers Workforce and Governance General	No impact on services.

Item 2 Appendix Ci

				Reserves. This covers grants already awarded in 2008/09 & 2009/10.	
Remainder of CWG	4,086	(422)	This favourable variance to budget is comprised of several small favourable variances across the directorate a result of Management action to reduce forecast overspend as at quarter two.	Continue to review all expenditure across directorate to ensure forecast is achieved.	Strategic expenditure delayed until 2010/11.
Total	5,292	(118)			

General Comments:

Quarter three net budget figures include £609,000 of internal costs that will be transferred to the Partnership & Performance Unit shortly.

PARTNERSHIP & PERFORMANCE UNIT**Projected Revenue Outturn 2009/10 for quarter 3**

A	B	C	D	E	F
Service (including responsible officer/s)	Revised Net Budget £ '000	Projected Overspend/ (Underspend) £ '000	Reason for Variation	Management Action	Service Consequences/ Impact on performance
Corporate Planning & Performance (Tricia Morrison)	0	(17)	Delay in recruitment on vacant posts	Undertake recruitment at earliest opportunity	Current service levels will not be impacted in the short run
Observatory (Andy Davis)	330	4	Level of activity on Citizens Panel and WDC surveys lower than expected	Head of Unit will look to offset this unfavourability with underspends in other areas of the unit.	None
PPU Administration (Monica Fogarty)	652	4	Salary Budget insufficient for salary costs of Unit Administration	Head of Unit will look to offset this unfavourability with underspends in other areas of the unit.	None
PPU County Partnership Team (Simon Robson)	280	(93)	Delay in recruitment on vacant posts, partially driven by delay in agreement of PPU budgets.	Undertake recruitment at earliest opportunity	Current service levels will not be impacted in the short run
Business Consultancy (Tricia Morrison)	282	0	None	None	None
Total	1,544	(102)			

General Comments:

The Partnership & Performance Unit (PPU) is currently carrying vacancies with Planning & Performance, & the County Partnership team, this in addition to the late settlement of the PPU budget in November 2009 has resulted in the projection of a £100,000 surplus at year-end. Any surplus at year-end will be used in 2010/11 to offset known pressures the unit will be facing.

Net Budget does not include an income of £609,000 for internal recharges that will be transferred from Customers Workforce & Governance shortly.

Environment & Economy DirectorateProjected Revenue Outturn 2009/10 for quarter 3

A	B	C	D	E	F
Service (including responsible officer/s)	Revised Net Budget £ '000	Projected Overspend/ (Underspend) £ '000	Reason for Variation	Management Action	Service Consequences/ Impact on performance
Future Service Delivery (EED Leadership Team)	0	137	Costs of implementing FSD project, including redeployment, retraining, redundancies.	To apply rigorously the corporate redeployment policy to minimise costs.	If these costs are to be met by the directorate it will form part of the overspend which will have to be repaid in 2010/11.
Waste Management (Martin Stott)	17,401	(79)	Expenditure savings on waste strategy and education.	None Required.	Use to offset overspends within the Directorate.
Country Parks (Martin Stott)	1,008	(70)	Additional Income from car parks and rental income.	None Required.	Use to offset overspends within the Directorate.
Resources (Martin Stott)	1,921	(122)	Savings on vacant posts.	Assess these savings against future years savings plans.	Use to offset overspends within the Directorate.
County Highways (Graeme Fitton)	13,547	(300)	Planned Savings mainly through the Highways Contract.	Ensure the saving is delivered.	Use to offset overspends within the Directorate.
Winter Maintenance	1,253	250	Additional snow clearing and gritting due to the recent bad weather.	This is a preliminary estimate and will depend on how the rest of the winter turns out.	If these costs are to be met by the directorate it will form part of the overspend which will have to be repaid in 2010/11.
Flood drainage schemes with the Environment Agency	0	171	Contribution to Flood Defence schemes in Alcester and Broom.	Funded from the Flood reserve money.	Reduced problems from flooding.
Street Lighting Energy	2,929	(500)	Saving on the new contract	None Required.	Use to offset overspends within the Directorate
Transport Operations (Graeme Fitton)	2,763	(50)	Agreed savings from improved procurement of contract	Ensure the saving is delivered.	Use to offset overspends within the Directorate.
Civil Parking Enforcement	(420)	(182)	Money set aside for the further rollout of the scheme has not been committed yet.	Transfer the under spend to reserves.	None.
Stratford Park and Ride	300	(87)	Additional income	None required	Use to offset overspends within the Directorate
Network Management (Graeme Fitton)	152	(161)	Additional income from utilities following road works.	None required.	Use to offset overspends within the Directorate.

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Skills Delivery (John Scouller)	5	976	The contracts with the Learning and Skills Council have generated significantly less income than expected. In addition there are closure costs associated with these contracts.	A project team is reviewing the options for this service and is reporting regularly to members and officers on the options for this service and interim reports have previously been considered by Cabinet.	This is a significant overspend and the future challenges for this service were discussed at cabinet on 30th July 2009 . The Projects team within the Resources Directorate are currently working on the options for the way ahead.
Regeneration Projects and Funding (John Scouller)	1,293	(203)	Savings on vacant posts , and cutting project and supplies and services budgets.	Ensure the saving is delivered.	Reductions to fund the Directorates overspends.
Economic Development & Business Support (John Scouller)	2,131	(205)	Savings on vacant posts , and additional income from the business centres.	Ensure the saving is delivered and assess how further savings can be made.	Vacant posts will be held and any discretionary costs will be postponed.
Development Group Developers income (Mark Ryder)	810	353	We are predicting a shortfall in developer income on Road Adoptions and Developer funded schemes . This is due to the downturn in the economy.	Review medium term impact of the current economic downturn and its effect on our base budget.	Savings will need to made elsewhere in the Directorate to manage this shortfall.
Overspend 2008/09	(529)	529	This is the net result of last years overspend which is the first call on this years budget.	Identify one off savings in 2009/10 to offset this.	One off savings will include keeping vacancies open for longer and delaying project spend. They may also result in some reductions in service.
Other Minor variations	18,399	(60)	We have a number of other pressures which we have offset against a small contingency budget , this includes higher legal charges (£142,000) and funding Rugby Western Bypass (£115,000). To offset these we have a windfall rates rebate of £195,000.	Continue to monitor these pressures .	These additional pressures means that savings will need to made elsewhere in the Directorate .
Total	62,963	397			

General Comments: The above budget already includes £2.6 million of savings as identified in the efficiency plan . At the end of Quarter 2 we reported a £1.1 million overspend so progress is being made to find savings to improve the budget position . Managers are continuing to review budgets to ensure that these savings are delivered.

Warwickshire Fire and Rescue ServiceProjected Revenue Outturn 2009/10 for quarter 3

A	B	C	D	E	F
Service (including responsible officer/s)	Revised Net Budget £ '000	Projected Overspend/ (Underspend) £ '000	Reason for Variation	Management Action	Service Consequences/ Impact on performance
Major Incident – Atherstone on Stour Head of Service: Glen Ranger	0	300	The Directorate does not hold a contingency fund to cover the costs of the incident and therefore there is no budget. The expenditure is mainly in relation to legal fees and salaries of staff seconded to work on issues relating to the incident for example the Investigation Team.	This forecast is an estimate based on the information we have at this time. The funding of these costs will be considered as part of the Budget and Medium Term Financial Planning process and will be reported separately to members once the outcome of the investigation is known.	This will depend on the outcome of the budget process and any decisions taken by Cabinet/Council.
Training and Development Head of Service: Simon Frost	1,153	280	This overspend relates to the implementation of risk critical Carbonaceous Fire Behaviour Training which was identified in the Services Improvement Plan to be funded from the resulting efficiencies. However, the Strategic Leadership Team agreed the training should be put in place immediately, resulting in an overspend.	The Service will endeavour to manage costs within the Directorates overall budget, and is currently looking at how these budget pressures can be addressed.	If efficiencies can't be identified in year to offset this overspend, the Service would have to carry forward overdrawn reserves to set against efficiencies resulting from any future Service improvements.
Improvement Plan Head of Service: Graeme Smith	0	70	This overspend relates mainly to the costs of the public consultation exercise for the Improvement Plan.	The Service will endeavour to manage this within the Directorates overall budget, and is currently looking at how these	None.

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				budget pressures can be addressed.	
Firefighters Pensions Head of Service: Helen Murphy	829	(200)	Low level of ill health retirements.	The Directorate will continue to monitor the Pensions Operating Account.	None.
Other Minor Variations Head of Service: Graeme Smith	21,627	(100)	This underspend is made up of a number of minor variations across various budgets.	The Service will continue to monitor this variation and use any underspend to off-set some of the costs associated with the Carbonaceous Fire Behaviour Training.	None.
Total	23,609	350			

Resources DirectorateProjected Revenue Outturn 2009/10 for quarter 3

A	B	C	D	E	F
Service (including responsible officer/s)	Revised Net Budget £ '000	Projected Overspend/ (Underspend) £ '000	Reason for Variation	Management Action	Service Consequences/ Impact on performance
Surplus Properties, Geoff Taylor	487	329	The cost of maintaining surplus properties has increased, as a result of the Cabinet decision to temporarily postpone the disposal of these properties. Further costs have been incurred since quarter 2.	Attempt to identify additional income to cover some of this cost and look for savings to meet the balance of this overspend.	The forecast overspend will impact on Resources Reserves.
Procurement Savings, Paul White	(831)	600	Under achievement of Procurement savings is because the expansion of the service has been slower than anticipated when the target was set.	Attempt to identify other savings to make up this shortfall.	The forecast overspend will impact on Resources Reserves.
Design & Construction, Julian Humphreys	(869)	297	Under achieving fee income due to difficulties getting schemes started.	Attempt to identify other additional income to cover some of this loss and look for savings to meet the balance of this overspend.	The forecast overspend will impact on Resources Reserves.
Payroll Services	(413)	(171)	£112,000 restructuring costs will now fall in 2010/11. Also additional trading income has been generated.	Ensure that this potential requirement to drawdown from reserves in 2010/11 is considered once final outturn is known	None.
Network Services	526	(263)	Rephasing of the project to replace the wide area network has resulted in this managed underspend which will be required in 2010/11 to fund year 2 of the project.	Ensure that this potential requirement to drawdown from reserves in 2010/11 is considered once final outturn is known.	None.
Other Minor	1,446	(277)	The combined effect of a variety of	Each service head in the	None.

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Variations			minor forecast under and overspends arising from the detailed forecasts made by cost centre managers supported by finance staff.	directorate is taking a keen interest in monitoring the budgets managed by their cost centre managers. The overall position is considered at meetings of the Resources Management Team.	
Total	346	515			

Other ServicesProjected Revenue Outturn 2009/10 for quarter 3

A	B	C	D	E	F
Service (including responsible officer/s)	Revised Net Budget £ '000	Projected Overspend/ (Underspend) £ '000	Reason for Variation	Management Action	Service Consequences/ Impact on performance
Capital Financing and Interest on Revenue Balances	33,238	(1,447)	External cash managers have performed significantly better than anticipated together with reduced interest payments on long-term borrowing.	Continue to monitor cash manager's performance and borrowing rate movements and cash flow.	The forecast underspend will impact on general reserves.
Other Minor Variations	4,756	(12)	The combined effect of a variety of forecast under and overspends arising from the detailed forecasts made.	Continue to monitor the position with regard to on-going expenditure levels on these cost centres.	The forecast underspend will impact on general reserves.
Area Based Grant * see Comment below	(18,849)	0			
Total	19,145	(1,459)			

General Comments: Area Based Grant budget has been shown separately from the other "controllable" base budgets as it is only held temporarily within Other Services as allocations will be made across Directorates throughout the year and it is forecast to be fully allocated at year end.

Summary of Projected Reserves Balances

Title of Reserve	In Hand/ (Overdrawn) Opening Balance 1/4/2009	Approved Transfer to/(Use of) in 2009/10	Additional Contributions/(Use) Requested	Effect of Quarter 3 forecast	In Hand (Overdrawn) 31/3/2010
	£'000	£'000	£'000	£'000	£'000
Adult, Health & Community Services	829	158		(3,287)	(2,300)
Children, Young People & Families	17,046			210	17,256
Customer, Workforce & Governance	469	35	14		518
Environment & Economy	(332)	1,360	11	(353)	686
Fire & Rescue	596	(747)		(350)	(501)
Partnership & Performance Unit (PPU)	0			102	102
Resources	1,467	(240)		(515)	712
Other Services	3,988	(632)			3,356
General Reserves	8,897	(3,124)		1,508	7,281
Insurance Fund	16,356	(7,105)			9,251
Realigning Services	0	7,105			7,105
Capital Fund	331	(300)			31
Fire Radio	72				72
Virtual Bank	(3,315)	1,937			(1,378)
LA Business Growth Incentive (LABGI)	435	281			716
Total	46,839	(1,272)	25	(2,685)	42,907