

Cabinet

4 July 2016

One Organisational Plan Year End Progress Report April 2015 – March 2016


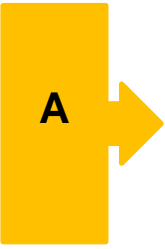
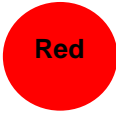




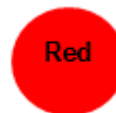


Recommendations

Cabinet are recommended to:

- a) Consider the progress on the delivery of the second year of the One Organisational Plan (OOP 2014-18) as at the end of March 2016 as summarised in Sections 1 to 3 of the report and detailed in Appendix A.
- b) Consider explanations for spending variances outside of the agreed tolerance levels in Appendix B.
- c) Consider the 2015-16 revenue and capital outturn position, the cumulative performance against the savings plan (Background Annexes A to T) and the level of reserves held by the Authority (Appendix C).
- d) Approve the use of general reserves to support the two Business Units significantly overspending as detailed in paragraphs 3.4 and 3.5.
- e) Approve the use of £0.764 million of reserves to support spending in 2016/17 as outlined in Table 3.
- f) Support the approach to financing the 2015/16 capital programme as outlined in paragraph 6.4.
- g) Consider the management of significant risks as outlined in Section 2.

1. Progress on the Overall Delivery of the One Organisational Plan

- 1.1. The overall delivery of the One Organisational Plan is on track and reflects the considerable progress made by the Authority in managing and transforming itself in response to its challenging landscape. The table below shows the progress on the delivery of the key elements that make up the OOP in a pictorial format. Further detail in relation to these areas is set out in Appendix A.

 Overall Delivery 	OOP: Outcomes	Organisational Health	Controllable Revenue (Variance)	Savings
				
	Capital Spend	Capital Slippage into future years	Strategic Risks	Workforce
				

- 1.2. Specifically, the Authority has made strong progress by the end of 2015-16 on the following components of the OOP.
- 1.3. OOP Outcomes- there are areas of good and improving performance as set out in Appendix A and highlighted in 2.1.3. Despite the very difficult climate in which the Authority operates, almost 60% of the 22 themes which support the Outcomes have maintained or improved performance over the two years to the end of March 2016 (Appendix A).
- 1.4. Achieved cumulative savings of £31.1m by year end against the target of £29.7m indicating that overall we are ahead of target in delivering the savings plan.
- 1.5. There has been an overall underspend against controllable budgets of £1.8 million (or 0.4%) compared to the overall budget at year end.
- 1.6. The financial standing of the authority and the forecast of resources available to deliver the OOP Outcome Framework remain robust. But this does require a focussed discipline on priorities, maintaining pace in the decision-making and then delivery of the agreed plans.
- 1.7. Significant risks are being managed actively and there is only one net red risk in the corporate risk register.
- 1.8. Workforce turnover has remained steady and the Authority continues to manage the significant changes to the organisation. At the end of year two, the Council's workforce has reduced by 7.7% against the 11% which it had assessed as arising from the continued budget pressures.
- 1.9. The reshaping of the Authority so that it is fit for the future continues through the transformation of services which are being realigned around customer groups and the Council continues to work towards improving services through closer working with partners and communities, including joint or integrated commissioning where it makes sense.

- 1.10. The overall red status of the OOP Outcomes masks areas of good or improving performance as detailed in section 2.1.3 of the report.

2. Performance Commentary

2.1 OOP Outcome Framework

- 2.1.1 The OOP Outcome Framework contains 5 specific key outcomes and related themes. Progress on the overall delivery of the Outcomes is set out in Appendix A.
- 2.1.2 Progress on the delivery of the 22 themes supporting the five overall Outcomes is also being tracked; their year-end status and the two year direction of travel are shown in Appendix A. The direction of travel shows that over the last two years of the OOP, 13 (59%) of the themes are maintaining a steady level of performance, 2 (9%) have improving performance and 7(32%) have a downward achievement.
- 2.1.3 At the Year End, key achievements against the Outcomes, include:

Outcome: Our economy is vibrant, residents have access to jobs, training & skills development

- More properties (38) are better protected from flooding through partnership working, exceeding the target of 25.
- A greater number of people (81,977) are employed in key target growth sectors in the County, compared to the target (72,200).
- The gap in unemployment rates between the best (2.6) and worst (7) performing wards is being reduced.
- 97% of responses to planning applications are being delivered within the standards of Service Level Agreements, exceeding the target of 90%.
- 85% of pupils attend schools (including nurseries) judged to be good or outstanding by Ofsted, exceeding the target of 80%.
- The cost of waste services per household has reduced against the target.

Outcome: The Health & Wellbeing of all in Warwickshire is protected

- The percentage of infants being breastfed (44.52%) at 6-8 weeks is exceeding the target (43%) set for 2016.
- The percentage of women smoking in pregnancy is reducing in line with or at a faster than the set target in all the 3 CCG areas as shown by available data at quarter 3. (The actuals against the target in the 3 CCG's were 13% v12.2%; 7.9% v 8.6% 12.5% v 13.9%).
- The numbers of people who have quit smoking (for 4 weeks and longer) is higher (2071) than the target (2061).
- Teenage pregnancy rates are reducing faster (22.9 per 1,000 population) than the target (22.5).

- Positively, 2016 has seen an increased uptake of low level mental health and wellbeing services (Actual was 17,394 compared to target of 15,307).
- The number of people with dementia accessing post diagnosis support (6074) wellbeing is well ahead of target (5349).
- Total number of individuals taking part in engagement activities (23774) provided by Heritage & Culture delivered across the County have seen a positive increase in 2016 against the target set (16250).

Outcome: Our Communities & Individuals are safe and protected from harm and are able to remain independent for longer

- The number of Common Assessment Framework's initiated per 10,000 of the 0-19 child population (82.9) is well ahead of the target (68).
- Just over 95% of single assessments for disabled children have been completed within 45 working days against the target (80%).
- The Children in Need rate (277) per 10,000 Children, Young People population is also ahead of the target (345) where lower is better.
- Positively, the number of children subject to a child protection plan per 10,000 population (42) is also ahead of target compared to the target (44) where lower is better.
- Positively, the proportion of people who have had a previous reablement referral (12.3) in the last 6 months has fallen during 2016 against the target (15).
- Percentage of customers not needing on-going social care 91 days after leaving reablement (67.6%) is ahead of the target (62%) for 2016.
- Delayed transfers of care (delayed days) from hospital per 100,000 population (average per month) BCF is reducing (399.6) and is better than the target (430).
- Delays in transfers of care from hospital per 10,000 population (14.3) is decreasing at a greater rate than the target (14.5).
- Carers are supported well as measured by their quality of life indicator (7.9 actual compared to target of 7.9) and receiving services in their own right (521 actuals compared to target of 520).
- The proportion of people who use services & carers who find it easy to find information about support ASCOF 3D is higher (75) against the target (73).
- Proportion of people who use services who feel safe ASCOF 4A is significantly higher (92) than the target (72).
- Overall satisfaction of people who use services with their care and support ASCOF 3A (66%) is expected to exceed the target (65.5%) when new data becomes available in June 2016.
- The number of recorded anti social behaviour incidents (16617) has fallen against the target set (17647)
- The total number of accidental dwelling fires (147) have also fallen against a target of (159) and safety equipment is being delivered within 10 minutes for 75% of incidents where there is a risk to life or property.

Outcome: Warwickshire's communities are supported by excellent communications & transport infrastructure.

- A significantly high proportion (98%) of Council funded bus services operated on time during 2016 against the annual target of (86%).
- The Council's contribution to the Rural Broadband development continues to remain on target.
- The number of premises enabled in Coventry, Solihull and Warwickshire (98% enabled in Warwickshire by date to be agreed in new Contract in 2015/16) remains on track to be delivered by the end of the contract.

Outcome: Resources and services are targeted effectively and efficiently whether delivered by the local authority, commissioned or in partnership.

- Savings are being achieved in line with targets (£31.1m by year end compared to target of £29.7m).
- Strategic Risks are being managed effectively.
- Workforce turnover remains stable at 14.9%.
- The Property Rationalisation Programme is being delivered on time and to budget.

2.1.4 Progress on the overall delivery of all the outcomes within the One Organisational Plan are being monitored and managed to ensure all necessary activity is being undertaken. This activity is also reflected in the Member Dashboard.

2.1.5 Further information on the performance of the supporting key business measures underneath the above themes and KBOs and the actions to be taken are set out in Appendix A and are available via the Management Information Dashboard (MID).

Organisational Health Outcomes

2.1.6 Overall, we are forecasting that, at the end of Year 2 of the OOP, we are within tolerance to deliver all of the high level Organisational Health Outcomes

2.1.7 When compared to the start of the OOP, the overall status for the Organisational Health outcomes has remained steady, as amber. Positively the reds have decreased, the greens have increased and ambers have stayed the same and this is set out in the table below.

Organisational Health Outcomes	Q1 14/15	Mid Year 14/15	Q3 14/15	Year End 14/15	Q1 15/16	Mid Year 15/16	Q3 15/16	Year End 15/16	Compared to Q1 2014/15
Overall Status	A	A	A	A	A	R	A	A	↔

2.1.8 Overall, the Authority has put in place a robust plan to deal with the challenging landscape; delivery is progressing well without any significant concerns as reflected in the overall status of Amber for the OOP. In line with many other Councils, the Authority is having to re-define what it is able to do and working with communities to promote independence, self sufficiency

and resilience whilst increasing collaboration with partners to maximise the impact of public resources.

2.2 Management of HR and Risk

- 2.2.1 The successful delivery of the One Organisational Plan, is also dependent on the staff that work for the County Council to deliver it and our ability to manage and respond to risks.
- 2.2.2 Managing absence remains a priority for WCC both in terms of the number of working days lost and the impact this has on our ability to deliver services as well as the financial cost of sickness to the organisation.
- 2.2.3 The total number of working days lost is 10.26 days per FTE and represents a small increase on the 2014/2015 figure which was reported at 10.13 days per FTE. A full detailed report on absence was presented to the Staff and Pensions Committee in June 2016.
- 2.2.4 As we continue to move through significant organisational change, the headcount at the end of 2015-2016 stands at 5196 which shows a reduction of 119 posts. This equates to a 2.24% reduction in headcount compared with a 5.53% headcount reduction in 2014-15.
- 2.2.5 The average age of the workforce has reduced to 45.7 from 45.8. Efforts to increase the younger representation of the workforce continues with the Apprenticeship programme supporting 76 Apprentices over the year.
- 2.2.6 Turnover remains steady at 14.9%.
- 2.2.7 We continue to manage the number of significant risks to the organisation, and there is only one net red risk in the corporate risk register which is "Safeguarding Children and Vulnerable Adults in our community and the County Council's inability to take action to avoid abuse, injury or death". This risk has been set at a constant red risk level because of the nature of the risk and does not indicate that performance in this area is poor. The corporate risk register is currently being reviewed and the updated risk register will be reflected in future reports.
- 2.2.8 Further details of the actions being taken to reduce the likelihood/ impact of risk is detailed in the risk section of **Appendix A**.

3. Revenue Spending

- 3.1. The under-spend for the year is £7.426 million. This is summarised by Business Unit in Table 1, showing both the absolute and percentage variation to the approved budget. When government grants and schools spending are excluded as they are, effectively, outside of our control, the underspend against controllable budgets is £1.831 million, equivalent to a 0.40% underspend, within the 0% to 2.0% target range.

- 3.2. The underspend reflects a culture of careful spending and advance planning for future spending reductions. This culture was embedded in the last Medium Term Financial Plan and has flowed into the delivery of the 2014-18 One Organisation Plan.
- 3.3. Five Business Units overspent in 2015/16 whilst ten business units underspent their approved budget by more than 2%, and are therefore outside the tolerance level set as the basis for exception reporting. Heads of Service have provided a brief explanation of why their Business Units outturn position was outside of the agreed tolerances and this is attached as **Appendix B**.

Table 1: 2015/16 Revenue Spending by Business Unit						
	Budget After Q3 £m	Agreed Changes £m	Revised Budget £m	Outturn Spending £m	Over (Under) Spend £m	Variation %
Economic Growth	23.072	(0.168)	22.904	22.306	(0.598)	-2.61%
Education and Learning	86.336	0.079	86.415	88.459	2.044	2.37%
Localities and Community Safety	9.213	0.305	9.518	9.707	0.189	1.99%
Public Health	22.393	0.424	22.817	22.435	(0.382)	-1.67%
Transport & Highways	27.099	0	27.098	24.296	(2.802)	-10.34%
Communities Group	168.113	0.640	168.753	167.203	(1.549)	-0.92%
Children's Social Care and Safeguarding	37.062	0	37.062	40.868	3.806	10.27%
Early Help and Targeted Support	18.052	(4.575)	13.477	13.459	(0.018)	-0.13%
Professional Practice and Governance	4.268	0.390	4.658	4.363	(0.295)	-6.33%
Social Care and Support	113.286	5.581	118.867	119.796	0.929	0.78%
Strategic Commissioning	16.167	0.081	16.248	14.974	(1.274)	-7.84%
People Group	188.835	1.477	190.312	193.460	3.148	1.63%
Customer Service	8.508	(0.242)	8.266	8.143	(0.123)	-1.49%
Finance	4.210	0	4.210	3.876	(0.334)	-7.93%
Human Resources	5.157	0.001	5.158	5.008	(0.150)	-2.91%
Information Assets	9.589	0.453	10.042	10.035	(0.007)	-0.07%
Law and Governance	0.780	(0.063)	0.717	0.654	(0.063)	-8.79%
Physical Assets	11.250	(0.078)	11.172	10.658	(0.514)	-4.60%
Service Improvement	2.056	0.344	2.400	2.508	0.108	4.50%
Resources Group	41.550	0.415	41.965	40.882	(1.083)	-2.58%
Fire and Rescue	19.944	(0.153)	19.791	18.939	(0.852)	-4.30%
Other Services – Spending	46.622	(7.399)	39.223	37.729	(1.494)	-3.81%
Controllable Total	465.064	(5.020)	460.044	458.213	(1.831)	-0.40%
Government funding and schools	(227.187)	(0.515)	(227.702)	(233.298)	(5.596)	-2.46%
Total	237.877	(5.535)	232.342	224.915	(7.426)	-3.20%

- 3.4. In respect of the two Business Units that have significantly overspent, Members are already aware of the work being undertaken to review the short, medium and longer term financial position of the Education and Learning Business Unit in light of the need to bring spending on special educational needs provision under control, to deliver the school transport savings and ensure sufficiency of places in response to the housing growth across the county. The recovery plan was reported to Cabinet on 10 December 2015.
- 3.5. The Children's Social Care & Safeguarding Business Unit overspent in each year of the last Medium Term Financial Plan and this has continued into the first two years of the One Organisation Plan. As resources continue to get tighter the capacity to manage this will continue to reduce. As a result £3 million was allocated by members as part of the 2016/17 budget resolution to support this pressure.
- 3.6. In addition there is an emerging budget pressure for Adult Disabilities in Social Care and Support. Physical Disabilities Service has an overspend of £0.411million. As a result, the team are reviewing all cases and there is an action plan in place to ensure that a reduction is achieved. Additionally, there is a Learning Disabilities Services overspend of £2.512 million. There are significant new challenges in younger adult disability from a new cohort of customers transferring from Children's Safeguarding who are already in a residential setting. A recovery plan is being developed and members will be updated on progress as part of the Quarter 1 Progress Report.
- 3.7. **Underspend compared to Quarter 3 Forecast**
At Quarter 3 the forecast underspend was £1.960 million. It has therefore increased by £5.467 million over the last quarter. A comparison of the Quarter 3 forecast and outturn position for each Business Unit is shown in Table 2.

Table 2: 2015/16 Revenue Budget – Comparison of Quarter 3 and Outturn Positions				
Ann	Group/Business Unit	Quarter 3 Position £m	Outturn Position £m	Variation £m
	Communities Group			
A	Economic Growth	(0.281)	(0.598)	(0.317)
B	Education and Learning	2.951	2.044	(0.907)
C	Localities and Community Safety	0.134	0.189	0.055
D	Public Health	0.359	(0.382)	(0.741)
E	Transport and Highways	(2.106)	(2.803)	(0.697)
	People Group			
F	Children's Social Care and Safeguarding	3.768	3.806	0.038
G	Early Help and Targeted Support	0.151	(0.018)	(0.169)
H	Professional Practice and Governance	0.375	(0.295)	(0.670)
I	Social Care and Support	0.359	0.929	0.570
J	Strategic Commissioning	(1.234)	(1.274)	(0.040)
	Resources Group			
K	Customer Service	(0.263)	(0.123)	0.140
L	Finance	(0.151)	(0.334)	(0.183)
M	Human Resources and Organisational Development	(0.219)	(0.150)	0.069
N	Information Assets	(0.035)	(0.007)	0.028
O	Law and Governance	(0.101)	(0.063)	0.038
P	Physical Assets	(0.954)	(0.514)	0.440
Q	Service Improvement and Change Management	0.203	0.108	(0.095)
R	Fire and Rescue	(0.242)	(0.852)	(0.610)
S	Other Services	(4.674)	(7.090)	(2.416)
	Total	(1.960)	(7.426)	(5.467)

4. Delivery of the 2014-18 Savings Plan

- 4.1. All but two Business Units have met their second year savings target included in the 2014-18 One Organisation Plan. Transport and Highways are reporting that the delivery of the savings plan overall will be achieved. Education and Learning along with three other Business Units in People Group are reporting an implementation status of red but these savings delivery issues should be addressed over the following months as further savings plans are developed.
- 4.2. Monitoring of the delivery of the savings plan will continue to be a key part of the One Organisational Plan Quarterly Progress Reports to ensure Member oversight of progress is retained.

5. Reserves

- 5.1. We hold financial reserves as a contingency to fund unexpected spending need, manage financial risks or to build-up funds to meet a known or predicted future spending need. The need to hold reserves and the level of financial uncertainty we face was borne out with the 2016/17 Local Government Finance Settlement which reduced our government grants more than had previously been announced. In order to give sufficient time to plan how we are going to meet the pressures from reduced grants members have already agreed to use some reserves to support spending in 2016/17. Also as we move through the four years of the One Organisation Plan and into the plan for 2017-20 there will inevitably be ups and downs in the level of reserves as progress on the actual delivery of the Plan will not fully align to the timeframes originally envisaged.

5.2. Level of Reserves as at 31 March 2016

Section 3 outlines the spending compared to the budget for each Business Unit. Any under or over spend at the end of the year falls into either corporate or Business Unit reserves. At the start of 2015/16 the authority held reserves of £129.468 million. With the approved in-year use of reserves and the effect of outturn, the level of reserves at the end of the year has increased to £132.504 million. Appendix C shows the level of reserves held by the authority as at 31 March 2016 and how this has changed from the start of the 2015/16 financial year.

5.3. Review of the level of reserves as a result of outturn

Reserves are held at both Business Unit and Group level, reflecting where the risk is best managed. The level of reserves is consistent with Business Units plans for managing the financial risks and demands facing services over the next three years. Details of why the reserves are being held and why they are appropriate are outlined in Appendix C. As part of reviewing the level of reserves held, all Groups have taken the opportunity to redistribute their reserves to support service needs and financial risk. This has been a robust process with Transport and Highways identifying £1.374 million, in respect of the cost of concessionary travel, which can be released to General Reserves.

5.4. Making good overdrawn reserves

As a result of the 2014/15 outturn two reserves are overdrawn, the Education and Learning Business Unit (£2.044 million) and Children's Social Care and Safeguarding Business Unit (by £3.806 million). In keeping with the Council's reserves policy, making good these reserves would form the first call on the 2016/17 budgets for these Business Units. However, Corporate Board believe it would place too much pressure on the services to require them to make good the 2015/16 outturn position and would risk undermining the delivery of the One Organisation Plan. Corporate Board are therefore recommending that General Reserves are used to make good the financial position of these two Business Units. When taken alongside the contribution

to General Reserves from Transport and Highways the net effect is a reduction in General Reserves of £4.933 million.

5.5. Use of Reserves to support 2016/17 activity

Business Units are requesting approval to use £0.764 million of reserves to support services in 2016/17. These carry forward requests are summarised in Table 3. The details behind these carry forward requests can be found in Appendix C.

Table 3: List of Carry Forward Requests	
	£m
Communities Group	
Economic Growth	0.137
Education and Learning	0.013
Localities and Community Safety	0.027
Transport and Highways	0.099
Fire and Rescue	0.488
Total Carry Forwards	0.764

- 5.6. As part of the 2016/17 budget resolution Members approved the use of £21.546 million of reserves to support spending in 2016/17. This includes the £5.500 million of top sliced reserves from Business Units to support spending in 2016/17. Details of which Business Unit reserves are being used to deliver this top slice can also be found in Appendix C.
- 5.7. Assuming all carry forwards and use of reserves are approved the level of reserves held by the authority at the end of 2016/17 is estimated to be £110.194 million. Table 4 shows the breakdown of this. The figures do not take into account any forecast of over/underspending in 2016/17.
- 5.8. The use of £86.817 million of these reserves is restricted, either due to external requirements (such as grant conditions) or previous decisions of members. This leaves £23.377 million to support services, provide cover for financial risks facing the authority and support the service transformation needed to deliver the savings in the 2014-18 Plan. The remainder of this section includes more detail on the specific reserves held by the authority.

Table 4: Forecast Reserves as at 31 March 2017							
Reserve	Balance 31/03/16 after outturn £m	Council resolution drawdown of reserves £m	Top slice of reserves £m	Transfers between reserves £m	Carry forwards £m	Estimated final balance 31/03/17 £m	Reserves with restricted use £m
Corporate Reserves							
General Reserves	24.435	-	-	(4.933)	-	19.502	16.500
Medium Term Contingency	17.332	(5.294)	-	0.042	-	12.080	12.080
Service Realignment Fund	12.696	-	-	-	-	12.696	12.696
Capital Fund	0.848	-	-	-	-	0.848	0.848
Insurance	8.517	-	-	-	-	8.517	8.517
Schools	18.235	-	-	0.073	-	18.307	18.307
Group Reserves							
People	0	-	-	3.119	-	3.119	0.057
Resources	4.568	(1.550)	0.008	(0.154)	-	2.872	0
Business Unit Reserves							
Economic Growth	4.840	(1.137)	(0.180)	-	(0.137)	3.386	2.038
Education and Learning	(1.136)	(0.551)	-	2.322	(0.013)	0.622	0.228
Localities	3.276	(0.230)	(0.063)	-	(0.027)	2.956	2.701
Public Health	1.753	-	(0.060)	(0.038)	-	1.655	1.655
Transport and Highways	4.595	(0.900)	(0.335)	(1.374)	(0.099)	1.887	1.175
CSC and Safeguarding	(3.806)	-	-	3.806	-	0	0
Early Help	0.913	(0.699)	(0.022)	(0.074)	-	0.118	0
Professional Practice	2.732	(1.652)	(0.124)	(0.007)	-	0.949	0
Social Care and Support	9.585	(1.000)	(2.073)	(1.431)	-	5.081	0
Strategic Commissioning	5.824	(0.424)	(0.924)	(1.501)	-	2.975	0
Customer Service	1.127	(0.136)	(0.326)	-	-	0.665	0.665
Finance	0.429	(0.151)	(0.183)	-	-	0.095	0
Human Resources	0.867	(0.300)	(0.018)	-	-	0.549	0.389
Information Assets	1.423	(0.325)	-	-	-	1.098	1.093
Law & Governance	0.174	(0.129)	(0.025)	-	-	0.020	0.020
Physical Assets	1.345	(0.430)	(0.514)	-	-	0.401	0.401
Service Improvement	0.082	(0.190)	(0.043)	0.154	-	0.003	0
Fire and Rescue	1.713	(0.648)	(0.133)	-	(0.488)	0.444	0.091
Other Services	10.138	(0.300)	(0.485)	(0.004)	-	9.349	7.356
Total Reserves	132.505	(16.046)	(5.500)	0	(0.764)	110.194	86.817

5.9. General Reserves

At the end of 2016/17 General Reserves are expected to be £19.502 million. This is £3.002 million above the £16.500 million minimum specified by the Head of Finance in his risk assessment when the budget was set in February. Corporate Board recommend that none of this reserve is used in the short term and that General Reserves above the minimum are held pending receipt of the monitoring reports on the delivery of the 2014-18 One

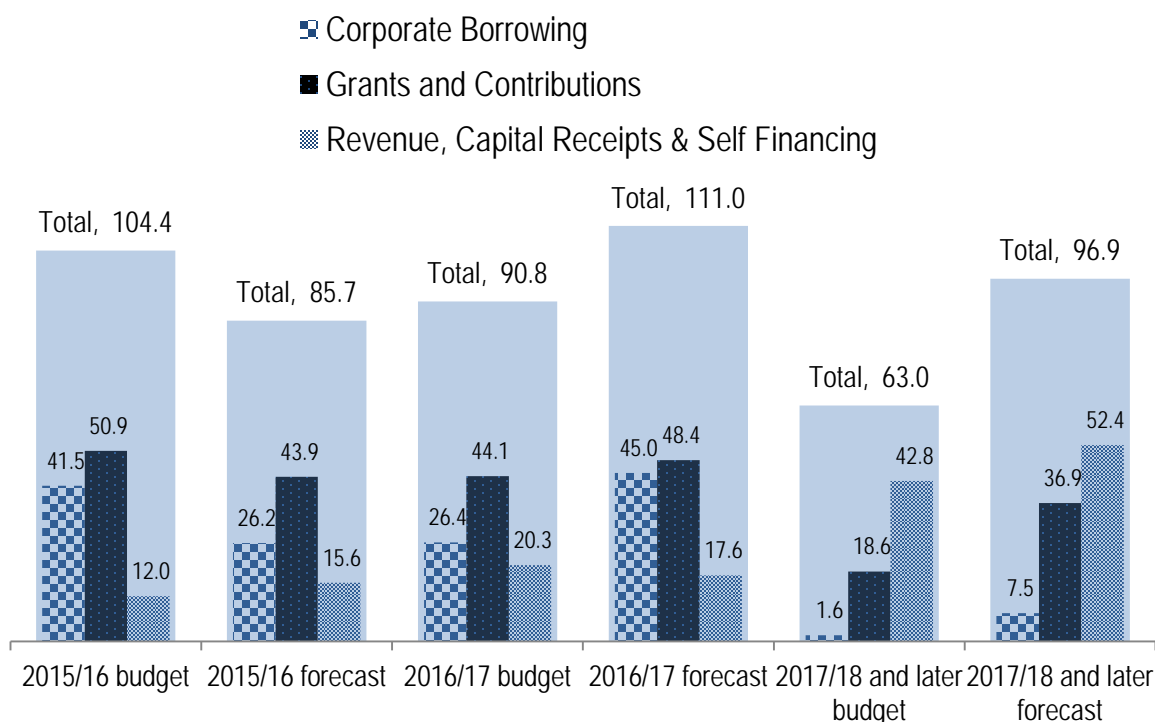
Organisation Plan, with any use only to be considered as part of setting the 2017/18 budget.

6. Capital Programme

- 6.1. The level of capital payments was £85.732 million in 2015/16, with a further £193.776 million of payments forecast over the medium term. The remaining Capital Growth Fund allocation of £4.111 million from 2015/16 has been carried forward and added to the future years figure of £10.062 resulting in a total amount available for future years of £14.173 million.
- 6.2. The outturn position shows that £16.872 million of the planned spend for 2015/16 has slipped into future years. This brings the total slippage for the year to £46.109 million.
- 6.3. The main reasons for the additional £16.872 million slippage in the quarter compared to the approved budget are:
- Customer Services – The slippage of £0.295 million is across various schemes and is due to a reassessment of needs.
 - Economic Growth – The slippage of £0.190 million is in the main due to the Business Loans and Grants project which due to the nature of the project is difficult to predict and subject to fluctuations.
 - Education and Learning – The slippage of £5.017 million is across a variety of projects due to issues including delays in obtaining planning permission and projects on hold pending further review. Further details on the reasons for the slippage are available in the background annexes.
 - Localities – The slippage of £0.812 million is due almost entirely to construction complications which have arisen on the Market Hall Museum project. These have resulted in the need for additional investigations and subsequent delays.
 - Transport - There has been slippage of £6.141 million from 2015/16 across a wide range of projects. Further details on the individual reasons are available in the background annexes.
 - Physical Assets – The slippage of £0.634 million is across a range of projects. Further details on the individual reasons are available in the background annexes.
 - Fire and Rescue – The £0.463 million slippage is almost entirely due to the re-phasing of work around the new response location at Gaydon and slower than anticipated planning approvals.
- 6.4. As well as approving the revised spending profile of the capital programme, the County Council must also ensure it has sufficient funding available to

meet its capital payments in each financial year. The chart and the table overleaf shows how the actual and forecast capital expenditure is to be financed compared to the approved plans. These figures include the remaining Growth Fund allocation of £14.173 million.

Estimated Financing to 2017/18 & Later Years (£m)



	2015/16 Budget	2015/16 Forecast	2016/17 Budget	2016/17 Forecast	2017/18 and later Budget	2017/18 and later Forecast
	£'000	£'000	£'000	£'000	£'000	£'000
Total	104,422	85,732	90,842	111,029	63,016	96,920
Corporate Borrowing	41,508	26,180	26,436	44,982	1,597	7,522
Self-Financed Borrowing	3,121	2,853	2,491	1,802	5,794	6,230
Grants and Contributions	50,928	43,905	44,057	48,438	18,601	36,934
Capital Receipts	2,252	2,446	16,531	11,360	36,538	45,091
Revenue Contribution	6,613	10,349	1,327	4,447	486	1,142

- 6.5. Financial Regulations require Cabinet to approve changes to schemes where the figures have a variance of more than 5% or are greater than £25,000 on any individual scheme. These schemes are included in all tables and figures within this report and are identified in the background documentation, with reasons for the variations provided. All of these changes are fully funded and do not require any additional use of corporate capital resources.

Background Papers

None

Annexes

Annexes A-T (the detailed returns from each Business Unit of their Quarter 3 position). This information is available on the Council's website and hard copies of the information have also been placed in the Group rooms.







The information is also available electronically via the Member Dashboard.






Authors: Sushma Soni, Ext 41 2753, sushmasoni@warwickshire.gov.uk,
Neill Butler, Ext 41 2860, neillbutler@warwickshire.gov.uk
Sandra Beard, Ext 41 2092, sandrabeardss@warwickshire.gov.uk
Garry Rollason, Ext 41 2679, garryrollason@warwickshire.gov.uk

Heads of Service:

John Betts, Ext 41 2441, johnbetts@warwickshrie.gov.uk,
Sarah Duxbury Ext 41 2090, sarahduxbury@warwickshire.gov.uk
Tricia Morrison, Ext 47 6994, triciamorrison@warwickshire.gov.uk
Sue Evans, Ext 41 2314, sueevans@warwickshire.gov.uk

Strategic Director: David Carter, Ext 41 2564 davidcarter@warwickshrie.gov.uk,
Portfolio Holders: Cllr Alan Cockburn, Cllr Kam Kaur

	OOP OUTCOME PERFORMANCE		THEME DofT	OUTCOME RATING & DIRECTION OF TRAVEL	
	OUTCOMES	THEMES		2015-16	2 Yr Trend
	Our communities & individuals are safe and protected from harm and are able to remain independent for longer	Our vulnerable individuals are safe, protected from harm and independent for longer	↔	R	↓
		Our children live in safe and supportive families	↘		
		Our communities and individuals are encouraged to help themselves and feel safe and secure	↘		
		Our voluntary sector provides a strong offer of targeted support	↘		
	The health & wellbeing of all in Warwickshire is protected	Improved health and well-being for everyone	↔	R	↓
		Our residents have choice and exercise maximum control over their health and social care regardless of where they live	↘		
		Our residents are happy and have good levels of mental and physical health	↔		
		Young people understand the choices available to lead healthy lives	↘		
	Our economy is vibrant, residents have access to jobs, training & skills development	Warwickshire is the business centre of choice for the region	↔	R	↓
		Our economy provides quality jobs and unlocks entrepreneurship	↔		
		Our young people are supported to meet their needs and aspirations	↔		
		Our residents learn throughout their lives, are skilled and ready for employment and fulfil their potential	↘		
	Warwickshire's communities are supported by excellent communications and transport infrastructure	Our planning infrastructure delivers strategic solutions for partners and ourselves	↗	A	↑
		Our integrated sustainable transport networks are fit for the future and meet the needs of residents and businesses	↗		
		The digital divide in Warwickshire is addressed and opportunities from new technologies are maximised	↔		
	Resources and services are targeted effectively and efficiently whether delivered by the local authority, commissioned or in partnership	The council's budget remains balanced and resources and managed effectively	↔	A	↔
		High quality needs based public services are deployed effectively and efficiently no matter how they are provided	↔		
		Customers access information through multiple channels and demand for council services is effectively managed	↔		
		Our staff are highly skilled and supported	↔		
		Risk and change is managed effectively	↔		

ORGANISATIONAL HEALTH PERFORMANCE		OUTCOME RATING & DIRECTION OF TRAVEL	
		15-16	2 Year Trend
WCC 	Overall Organisational Health	A	↔
CUSTOMERS 	CUSTOMERS Customers expectations are managed and they are satisfied with the services they receive	This is included in the Living in Warwickshire Survey which is due to close on the 1 st July 2016	
STAFF 	STAFF Staff are satisfied with the Council as an employer	R	↘
	Staff have access to resources and information which allow them to do their job	G	↔
RESOURCES 	RESOURCES Services are delivered within the agreed budgets* excludes other services	G	↗
	Savings are delivered to plan	G	↔
RISK & CHANGE 	The Council adopts a commissioning approach to service delivery	G	↗
	Decision makers have access to the information they need to make effective decisions	G	↔
	The Council operates within the law	A	↗

One Organisational Plan: Use of Financial Resources: Year End 2015/16
Revenue Position by Business Unit

Service	2015/16 Budget £'000	2015/16 Outturn £'000	Revenue Variance £'000 %	Retained Reserves £'000	Financial Standing £'000
Economic Growth	22,904	22,306	(598) 2.61% Underspent	(4,242)	(4,840)
Education & Learning	86,415	88,459	2,044 2.37% Overspent	(908)	1,136
Localities & Communities	9,518	9,707	189 1.99% Overspent	(3,465)	(3,276)
Public Health	22,817	22,435	(382) 1.67% Underspent	(1,371)	(1,753)
Transport & Highways	27,098	24,296	(2,802) 10.34% Underspent	(1,793)	(4,595)
Total Communities Group	168,752	167,203	(1,549) 0.92% Underspent	(11,779)	(13,328)
Children's Social Care & Safeguarding	37,062	40,868	3,806 10.27% Overspent	0	3,806
Early Help & Targeted Support	13,477	13,459	(18) 0.13% Underspent	(895)	(913)
Professional Practice & Governance	4,658	4,363	(295) 6.33% Underspent	(2,437)	(2,732)
Social Care & Support	118,867	119,796	929 0.78% Overspent	(10,514)	(9,585)
Strategic Commissioning	16,248	14,974	(1,274) 7.84% Underspent	(4,550)	(5,824)
Total People Group	190,312	193,460	3,148 1.65% Overspent	(18,396)	(15,248)

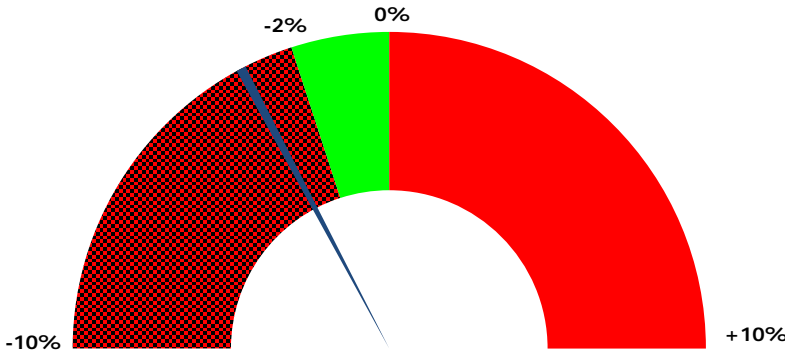
Service	2015/16 Budget £'000	2015/16 Outturn £'000	Revenue Variance £'000 %	Retained Reserves £'000	Financial Standing £'000
Customer Service	8,266	8,143	(123) 1.49% Underspent	(1,004)	(1,127)
Finance	4,210	3,876	(334) 7.93% Underspent	(95)	(429)
Human Resources & Organisational Development	5,158	5,008	(150) 2.91% Underspent	(717)	(867)
Information Assets	10,042	10,035	(7) 0.07% Underspent	(1,416)	(1,423)
Law & Governance	717	654	(63) 8.79% Underspent	(111)	(174)
Physical Assets	11,172	10,658	(514) 4.60% Underspent	(831)	(1,345)
Service Improvement and Change Management	2,400	2,508	108 4.50% Overspent	(190)	(82)
Total Resources Group	41,965	40,882	(1,083) 2.58% Underspent	(8,932)*	(10,015)
Fire & Rescue	19,791	18,939	(852) 4.30% Underspent	(861)	(1,713)
Other Services	(188,479)	(195,569)	(7,090) 3.76% Underspent	(85,110)	(92,200)
Total Whole Authority	232,341	224,915	(7,426) 3.20% Underspent	(125,078)	(132,504)

Notes
All positive revenue variances (i.e. overspends) are shown as a solid Red. Also if a negative revenue variance represents an underspending of more than 2%, which is outside of the corporate tolerance, then it is also shown as Patterned Red. All other underspends are shown as Green.

Financial Standing is the level of reserves a business unit is forecast to have at the end of the financial year. Any overdrawn position is shown as Red.

* Resources Group has retained reserves which are held at the Group level and are drawn down by services periodically to fund new initiatives and invest to save schemes. This is why the total is different to the sum of the individual business unit positions.

Revenue Variance for the Whole Authority



One Organisational Plan: Use of Financial Resources: Year End April - March 2016
Savings Plan Position by Business Unit

Service	2015/16 Target	2015/16 Final Outturn	Comments	Implem- entation Status
Economic Growth	1,287	1,287		G
Education & Learning	1,568	1,268	Original transport savings proposals were undeliverable, forecast outturn in line with proposals agreed by Cabinet October 2015.	R
Localities & Communities	626	626		G
Public Health	0	0	Public Health is reliant on the redesign and recommissioning of reduced contract sums for some services in order to deliver the current OOP savings in 2017/18 of £1.2m and the imposed central government cut of 2.5% on the 2016/17 baseline.	A
Transport	2,185	2,108		G
Total Communities Group	5,666	5,289		
Children's Social Care & Safeguarding	1,661	2,390	The re-shaping of the business units from CSC & Safeguarding and Early Help to Children's and Families will provide opportunities for a more joined up pathway for children and more opportunities to intervene early. The aim is to impact positively on the child's customer journey leading to fewer children escalating into the complex needs arena over time. However meeting the targets remains a high risk.	R
Early Help & Targeted Support	1,537	1,537	Residential care spend remains a high risk area creating a need to find additional savings. Savings delivery depends on the success of the teenagers in care programme and the SEND residential placements work. Where some savings have slipped action is being taken to progress them.	R
Professional Practice and Governance	1,610	1,610		G
Social Care & Support	11,676	12,740	The are five main areas of under delivery. There is a mitigation plan with respect to the Reablement position and this is expected to recover. With respect to the Accommodation with Care further work is ongoing to determine whether further opportunities are possible. There are no alternative plans currently in place for the other areas, although this will be looked at again in 2016/17.	R
Strategic Commissioning	396	396		G
Total People Group	16,880	18,673		

Key
If a business unit's savings are forecast to be fully delivered in year it is shown as Green.
If savings are forecast to be less than fully delivered it is shown as Red.
The "Implementation Status" RAG rating relates to the whole of the 2014-18 savings plan.

Service	2015/16 Target	2015/16 Final Outturn	Comments	Implem- entation Status
Customer Service	650	650		G
Finance	501	501		G
Human Resources & Organisational Development	561	561		G
Information Assets	1,067	1,067		G
Law & Governance	57	57		G
Physical Assets	1,092	1,092		G
Service Improvement & Change Management	540	540		G
	4,468	4,468		
Fire & Rescue	1,129	1,129		G
Other Services	1,550	1,550	Whilst all savings to be delivered to date are on target, work is still on-going to determine how the additional savings proposals due to be delivered in 2016/17 and 2017/18 will be met. This may mean that not all will be delivered in the way originally intended, but will still be delivered.	G
Total Whole Authority	29,693	31,109		

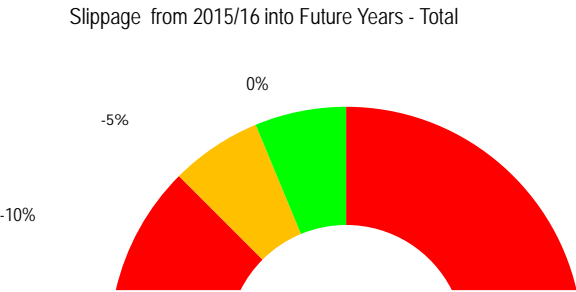
One Organisational Plan: Use of Financial Resources: Quarter 4 January - March 2016
Capital Position by Business Unit

Service	All Current and Future Years Approved Budget £'000	New Approved Funding / Schemes £'000	All Current and Future Years Forecast £'000	Slippage from 2015/16 into Future Years	Comments
Customer Service	3,654	27	3,681	(295)	Various schemes have slipped their spending into 16-17 due to a reassessment of needs.
Early Help & Targeted Support	75	(1)	74	(1)	
Economic Growth	6,767	443	7,210	(190)	Slippage of £116,000 relates to capital growth fund business loans and grants which due to the nature of the project are difficult to predict. There was also a delay on projects in HWRC sites with works not quite being complete by the financial year end.
Finance	0	0	0	0	
Fire & Rescue	11,850	175	12,025	(463)	The slippage is almost entirely due to the re-phasing of work around the new response location at Gaydon. The delay has been caused by slower than expected planning approvals.
Information Assets	26,400	1,068	27,468	(3,430)	Three factors contribute to this slippage - a) deployment has slowed down over the past six months leading to later submission of invoices, b) there has been a greater than forecast take up of Superfast services by residents and businesses which has led to a £1.6m re-investment fund, and c) we are anticipating a £1.5m underspend from Contract 1. This will be used for further re-investment later in the programme.
Education & Learning	46,341	2,779	49,120	(5,017)	Slippage has occurred over a number of projects with spend being pushed into 2016-17. The reduction in spend on some schemes has meant funds have been returned to the education capital pot. £428,000 is due to uncertainty around devolved spend which the LA has no control over.

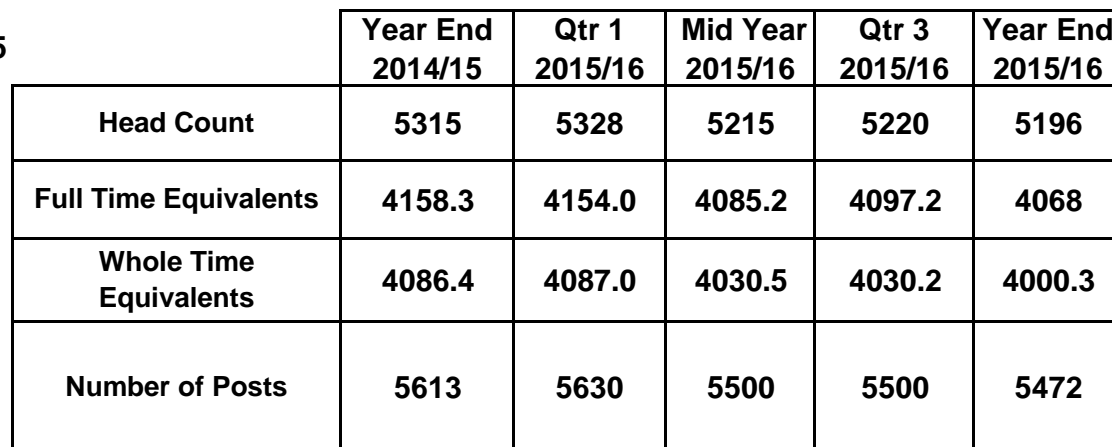
Service	All Current and Future Years Approved Budget £'000	New Approved Funding / Schemes £'000	All Current and Future Years Forecast £'000	Slippage from 2014/15 into Future Years	Comments
Localities & Communities	1,854	206	2,060	(812)	£793,000 slippage on Market Hall Museum works from 15-16 to 16-17
Physical Assets	39,662	8,770	48,432	(634)	
Children's Social Care and Safeguarding	238	50	288	0	
Social Care & Support (Adults)	1,670	0	1,670	0	
Strategic Commissioning	3,187	0	3,187	(20)	
Transport	101,385	21,885	123,270	(6,141)	Slippage has occurred on a number of schemes within the Transport capital programme please see appendix for details
Professional Practice & Governance	1,024	0	1,024	131	Agency costs were higher than anticipated due to unexpected circumstances around the Client Information System Review

Key
For all current and future years forecast are slippage from 2014/15 into future years the following tolerances have been used:

- ~ 0% to 5% underspend/slippage is shown as Green
- ~ 5% to 10% underspend/slippage is shown as Amber
- ~ over 10% underspend/slippage is shown as Red
- ~ any overspend is shown as Red



Number of employees



The infographic displays the age distribution of the workforce by gender and the flow of new starters and leavers. The age distribution is shown in a 3x3 grid of colored boxes. The flow of new starters and leavers is shown at the bottom with arrows and text boxes.

Age Group	Count	Percentage
Under 18	6	0.1%
18 to 24	199	3.8%
25 to 39	1418	27.3%
40 to 49	1516	29.2%
50 to 59	1510	29.1%
60 to 64	421	8.1%
65 & Over	126	2.4%

Average Age
45.7 Years

Down from 45.8 in 31.03.15

New Starters

Total number of new starters between 01.04.2015 and 31.03.16 = 621

Age Group	Average Age
New Starters	38.3
Leavers	45.9

Leavers

Total number of leavers between 01.04.2015 and 31.03.16 = 774

	New starters	Leavers & % turnover		Overall Turnover (Heads)
Heads	648	774	14.9	14.90%
Full Time Equivalents	474.5	560.8	13.8	
Posts	629.0	795	14.5	

Reason	Count	Percentage
Resignation	424	53.3%
Mutual Agreement	8	1%
Retirement	93	11.7%
Dismissal	11	1.4%
End of Contract	43	5.4%
Retirement - ill health	15	1.9%
Flexible retirement	19	2.4%
TUPE/ External Payroll	113	14.2%
Voluntary redundancy	20	2.5%
Compulsory redundancy	20	2.5%
Didn't start	6	0.8%
Deceased	2	0.3%
Not recorded	3	0.4%

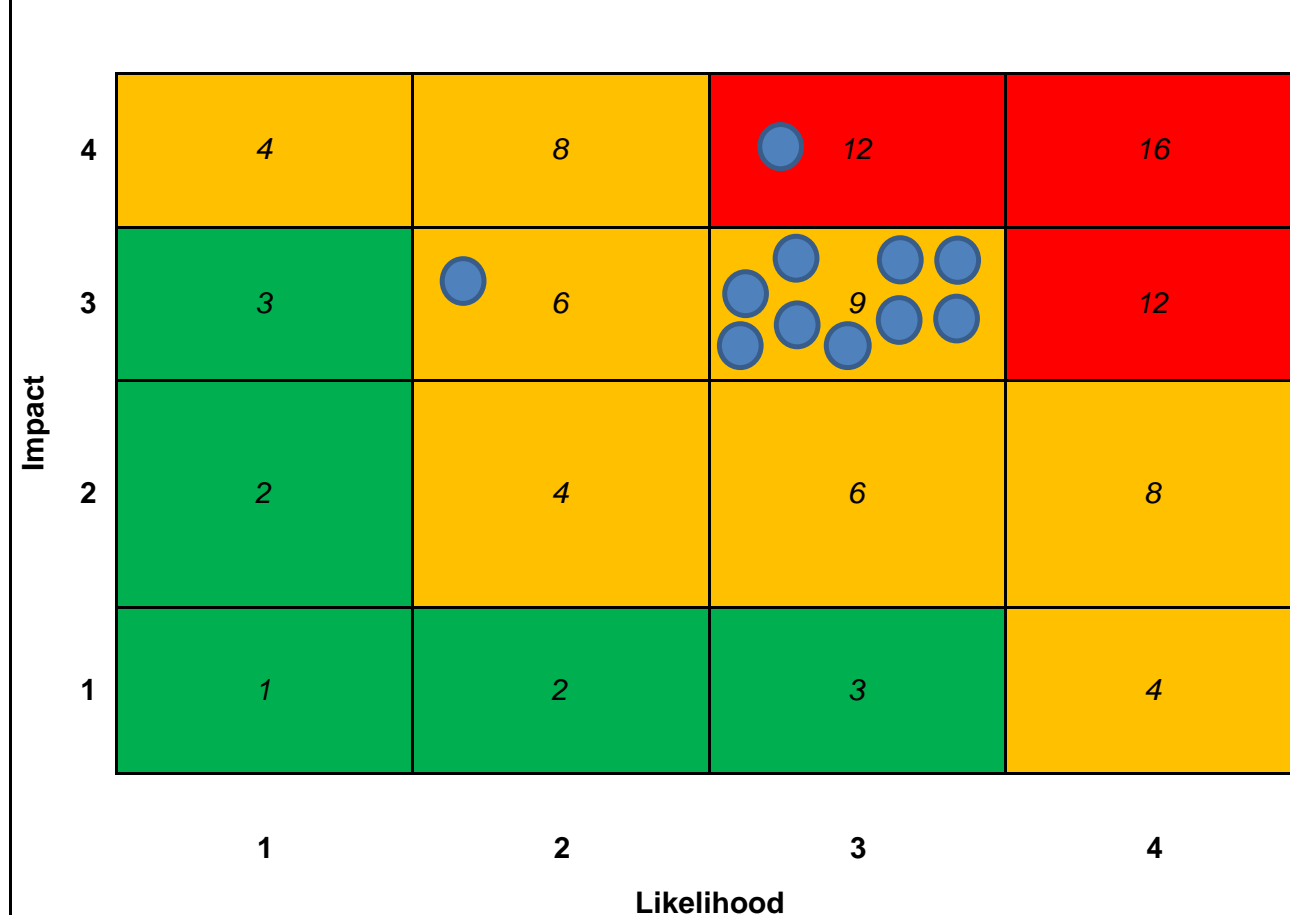
10.26 days sick per FTE = 4.45% time lost

<u>Sickness Absence Days</u>	Year End 2014/15	Qtr 1 2015/16	Mid Year 2015/16	Qtr 3 2015/16	Year End 2015/16
Days lost through sickness	42,665.0	9,261.3	9,253.7	11,191.8	42,411.60
of which short-term	17,815 (41.8%)	3759.6 (40.6%)	3525.7 (38.1%)	4655.8 (41.8%)	15,819.5 (37.3%)
of which long-term	24,849 (58.2%)	5501.6 (59.4%)	5728 (61.9%)	6536 (58.4%)	26,592.1 (62.7%)

The treemap displays the distribution of days across five categories. The categories and their corresponding days and percentages are as follows:

Category	Days	Percentage
Stress & Mental Health	10,752	25.4%
Musculo-Skeletal	7,780	18.6%
Viral	5,611	13.2%
Operation or Post Operative	4,707	11.1%
Other	3,071	7.2%

WCC Strategic Risks - Performance Update April 2015 - March 2016



Net Amber Risks

- R0840** Continuing pressure on Adult Social Services and Health
- R0842** Loss or corruption of personal or protected data held by the Council
- R0843** C&W LEP and regional partnership working fail to deliver optimum economic benefits
- R0844** Inability to sustain risk critical fire and rescue functions
- R0870** Inability to maintain critical services during disruptions
- R0846** Ensuring sufficient provision of school places across the county
- R0847** Inability to manage or influence the impact of HS2 on Warwickshire
- R0871** Meeting statutory requirements to drive improvements across all schools in the County
- R8077** Pressure to manage increasing levels of household waste
- R0880** Available funding is not able to meet expectation for transport infrastructure investment

Net Red Risks

- R0841** Safeguarding Children & Vulnerable Adults in our community

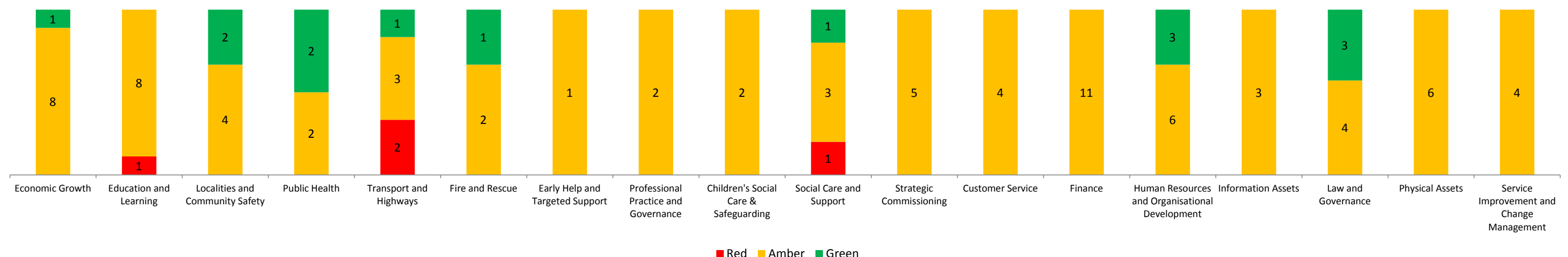
Gross Risk Level	Net Risk Level
16 (R)	9 (A)
12 (R)	9 (A)
12 (R)	9 (A)
12 (R)	9 (A)
12 (R)	6 (A)
12 (R)	9 (A)
16 (R)	9 (A)
12 (R)	9 (A)
16 (R)	9 (A)
16 (R)	9 (A)
16 (R)	12 (R)

Definitions taken from WCC Risk Management Strategy:

Gross Risk Level - Risk level on the basis that there is no action being taken to manage the identified risk and/or any existing actions are not operating effectively. In other words, the worst case scenario if the risk were to occur.

Net Risk Level - Risk level taking into consideration the effectiveness of the identified existing actions. In other words, the reality if the risk were to occur in the immediate future.

Business Unit Net Risks: Performance Update April 2015 - March 2016



Commentary - Action to reduce the likelihood and Impact of Net Red Risks:

Failure to achieve the savings as identified in the One Organisational Plan. Risk Owner: Nigel Minns (Head of Education and Learning). Previous reports to Cabinet have confirmed that home to school transport savings, as set out in the One Organisational Plan, are unachievable. Budget setting decisions have taken this into account

Deterioration of Highway Network condition. Risk Owner: Mark Ryder (Head of Transport and Economy). The risk is being managed with additional agreed investment through the February 2016 budget resolution, the effective prioritisation of maintenance and repair work on the network, including more intelligence led processes under our new highways maintenance contract with Balfour Beatty.

Reduced number of transport schemes being delivered. Risk Owner: Mark Ryder (Head of Transport and Economy). The risk is reliant on bidding opportunities from external bodies becoming available for transport infrastructure. A pipeline of transport infrastructure projects has been identified and prioritisation has taken place. A key future funding opportunity was the call for submission of infrastructure projects from the Coventry and Warwickshire Local Enterprise Partnership (CWLEP) and this has been responded to with the submission of prioritised transport infrastructure business cases in May 2016

The Reablement Strategy and OOP fail to deliver intended objectives. Risk Owner: Jenny Wood (Head of Social Care and Support). This risk is reliant on the appropriate referral pathway where reablement can be undertaken. A joint Health / Social Care integrated model is being progressed between Warwickshire County Council Reablement Services with Intermediate Care and Crisis Response Teams, South Warwickshire Foundation Trust, under the 'Home First' model of delivery. The aim of developing this model is to maximise reablement potential. A report was taken to Corporate Board in May requesting agreement to progress the actions needed to establish the integrated arrangements, including developing a S75 agreement by October 2016

Children and Young People and vulnerable adults suffer injury or death. Risk Owner: Beate Wagner (Head of Children's Social Care & Safeguarding). The risk of this type of incident happening will always remain despite controls in place which are under constant review

Commentary on the variance outside tolerance

Overspent

Education and Learning £2,044,000 2.37%

A deficit DSG budget of £4.129m was set at the start of year. The outturn overspend of £2.3m reflects a reduction of £1.8m in this deficit budget which is the result of in year savings.

Localities and Community Safety £189,000 1.99%

Due to the non-drawdown in year of the Third Sector Transformation Fund the Business Unit shows an overspend of £0.189m. Including this drawdown, which is now requested, the Business Unit shows an underspend of £0.311m. This underspend, which consists of relatively small underspends across the Business Unit reflects prudent financial management, increased income in a number of traded areas and 'one off' areas of income such as repayment of legal costs incurred.

Children's Social Care and Safeguarding £3,806,000 10.27%

The overspend was caused by numbers of looked after children being in excess of what is budgeted for. Whilst progress has been made on avoiding a more expensive mix of placements, there was more work to do. Overspends on Residential Care, Independent Foster Care placements and Special Guardianship orders, are all as a result of the levels of children being higher than budgeted. These have been in part offset by the early delivery of legal savings plans and by reduced costs in accommodation for care leavers, however the overspend is still significant.

Social Care and Support £929,000 0.78%

The overspend in Social Care and Support is primarily as a result of the pressures within the Disabilities budget. This had been forecast to be managed by in year recovery plans, however there have been additional pressures as a result of transfers from Children's' services and some backdated decisions about funding former health customers. Those recovery plans have been further refined for 16/17 and there has been some realignment of budgets in preparation for the 2016/17 financial year, however, a significant budget risk remains for 2016/17.

Service Improvement and Change Management £108,000 4.50%

Expenditure on Resources Group transformation projects originally anticipated to occur in 2016-17 has been accelerated and has now occurred in 2015-16. This expenditure will be met from Group Reserves. SI&CM outturn excluding transformation projects is £46k favourable (1.9% variance to budget)

Underspent**Economic Growth (€598,000) (2.61%)**

The main areas resulting in an underspend in Economic Growth: Business Centres ended the year with surplus income of €269k through higher occupancy levels, reduced maintenance and higher dividends receipts than expected. Waste Management achieved an underspend of €249k through the early implementation of contractual changes in preparation for 2016/17 savings targets. The remaining balance is a combination of various of over and underspends including HS2 expenditure being lower than expected due to the delay of the Phase 2 announcement until 2016, surplus Highway Agreements income in Planning & Development and additional costs for Flood Management business case work.

Transport and Highways (€2,803,000) (10.34%)

In Transport and Highways, concessionary travel has underspent by €1.375 million, due mainly to a reduction in passenger numbers. The requirement to fund transitional costs of the new highway maintenance contract, reduced winter maintenance costs and capital contributions are the main reasons for the €1.080 million underspend in County Highways. The remainder of the Transport and Highways service underspend is due mainly to: increased income in the following areas: introduction of the new highways permit scheme, speed awareness workshops and on street car parking.

Professional Practice and Governance (€295,000) (6.33%)

Professional Practice & Assurance underspent as a result of project management changes and project slippage in the implementation of the Mosaic Care System, which has led some costs being incurred later than expected. The system is replacing CareFirst. €314k was drawn down from reserves during the year to cover project costs, however changes in the project implementation plan meant that not all of this was used. The service also delivered savings in staffing and associated costs which were delivered ahead of schedule, and for which the savings are being taken from the budget in 2016/17.

Strategic Commissioning (€1,274,000) (7.84%)

Strategic Commissioning's underspend is the result of one-off Care Act funding which was not utilised in full, in part due to a more detailed understanding of the requirements which meant that some planned expenditure was unnecessary, and in part due to delays in commissioning new services for carers. There were also a number of vacancies held in year, pending a restructure of the service, needed to deliver the 2016/17 savings. Finally the service delivered early cost reductions in the Supporting People programme as a result of contract reviews, which was also part of the preparation for the delivery of 2016/17 housing related support savings.

Finance (€334,000) (7.93%)

The majority of variations are the result of maintaining ongoing vacancies that will contribute towards future years savings targets, although there has also been increasing difficulty in recruiting to vacancies. The anticipated surplus on schools traded areas is due primarily to additional income from schools. There has been an overspend on non-schools payroll trading, reflecting the need for one-off investment to secure longer term custom. We have generated additional one-off income from HMRC for a successful VAT refund claim and also from greater than anticipated contract rebates. Lastly, there

was also slippage in planned work for the replacement Social Care system, together with one-off Care Act monies which are no longer required as implementation has been delayed.

Human Resources (€150,000) (2.91%)

Underspend relates to posts held for future years savings and other vacancies as well as lower than anticipated expenditure from the training levy as a result of delays to programme development which will be delivered next year.

Law and Governance (€63,000) (8.79%)

The underspend is largely due to staffing vacancies in Democratic Services and more income generated from Legal Services. Although the % under-spend is >2% of the net budget it is just 1% of the Gross budget reflecting the highly traded nature of the Business Unit.

Physical Assets (€514,000) (4.60%)

The underspend is due to three main reasons. First is due to better than forecasted levels of income in the sum of €224,000 from trading with schools, from rebates from Scape, from fees from the capital programme and from FM contracts. Second is due to €171,000 underspends in maintenance and renewable energy schemes across construction and FM. Third is the €119,000 underspend on strategic sites planning applications whilst negotiations continue with local planning authorities.

Fire and Rescue (€852,000) (4.30%)

The Service ended the financial year with an underspend of €852k. €451k of this relates the Fire Control Project and the reason for this is primarily due to contractual issues with the main service provider. These issues have since been ironed out and this funding will be carried forward into 2016/17 to support the continuation of the project. The remaining €401k underspend is made up of a number of relatively small variances across budgets including staff vacancies and the training underspend of €118k resulting from contract re-negotiation.

Other Services (€1,494,000) (3.81%)

The underspend in Other Services is for two main reasons: the level of spend on redundancy costs and the revenue impact of financing the capital programme. There is an €819,000 underspend as a result of the number/cost of redundancies being lower than forecast. This is a reflection of the success of being able to deliver more of the reductions in the number of posts resulting from the delivery of the savings plan from natural wastage and/or redeployment across the Council. There is a €3,229,000 underspend is the result of slippage in the delivery of the capital programme reducing the underlying need to borrow in previous years. This is an in-year saving as the funding will be required when the spending takes place. This underspend is offset by the use of €2,995,000 revenue to ensure the capital spend incurred during 2016/17 is fully financed and borrowing financed by Business Units is reduced.

Analysis of Reserves as at 31 March 2016

Service	Reserve Category (See Note 1)	Balance on Reserves at 31 December 2015 In-hand (Overdrawn) A £'000	Effect of Final 2016/17 Outturn B £'000	Balance on Reserves at 31 March 2016 In-hand (Overdrawn) C = A+B £'000	2016/17 Council Resolution Drawdown of Reserves D £'000	2016/17 Top-slice of Reserves as per Council Resolution E £'000	Movements Between Reserves (Note 2) F £'000	Revised Reserves In-hand (Overdrawn) G = C+D+E+F £'000	Additional Proposed Drawdown of Reserves in 2016/17 H £'000	Head of Service explanation of what the 2016/17 drawdown of reserves will fund (Column B and/or Column C and/or Column G)	Reserves to be Retained in 2016/17 I = G+H £'000	Head of Service explanation of what risks or expected spend is this being held for (Column H)
<u>Economic Growth</u>												
Waste Management	Service savings	400	121	521	(250)			271		Behaviour Change activities. Implementation of new Waste IT system.	271	To fund Behaviour Change activity, a One Organisational Plan savings requirement from 2015-16 for 3 years.
Business Centres including Building Maintenance Liabilities	Trading	440	87	527				527	(87)	£67,000 for Business Centre Broadband Project and £20,000 for EPIC car park works	440	To invest in this traded service to meet essential maintenance costs at the Business Centres, to ensure that the quality of the service offer is maintained.
Accommodation Reserve	Service savings	29		29				29			29	To meet costs of internal accommodation changes not funded by Physical Assets.
Service Savings	Service savings	0	132	132		(132)		0			0	To meet any overspends/one-off under-recovery of savings against the overall budget allocation for Economic Growth
Development Group Realignment	Service savings	134		134				134			134	To manage the volatility of income streams in Development Group, for example, planning application fees. The reserve also includes £84,000 of specific grant funding used to develop the infrastructure of the service.
S38 Developer Funding	Earmarked - external	940		940				940			940	Substantial increase in S38 agreements has greatly increased revenue income. This is needed to cover works and employee costs that span several years. This reserve was established by Cabinet in the Quarter 1 Organisational Health Report 2013/14.
European Match Funding Reserve	Service savings	287	100	387	(148)	(48)		191			191	A Match Funding reserve to attract future European Funding, established by Cabinet in the Quarter 3 Organisational Health Report 2013/14. Also includes future years funding for Inward Investment.
Flood Management Reserve	Service / Earmarked - external	683	18	701	(146)			555			555	£200,000 of this reserve was set up by Cabinet in the Quarter 2 Organisational Health Report 2013/14 to use as match funding contribution to future projects. It also includes £430,000 of external grant income received in 2014/15 but not planned to be used until 2015/16 and future years.
Ecology & Archaeological Information and Advice	Service savings	60		60				60			60	Future funding to deal with expected demand increases for Ecology & Archaeological information and advice.
Infrastructure Group Reserve	Service savings	58		58				58			58	Development of this high priority and developing area of work.
Going for Growth Apprenticeship Hub	Earmarked - policy	67		67	(33)			34			34	The 2 strands of the Apprenticeship Scheme (internal and external) have been highly successful, and the re-profiling of the initial Going for Growth funding will allow us to extend and develop this work for the lifetime of the OOP.
Skills Delivery for Economic Growth	Earmarked - policy	320	40	360	(160)			200			200	This is the balance of re-profiled skills delivery settlement included in the 2014/15 budget resolution.
Rural Growth Network	Earmarked - external	517		517	(200)			317			317	Balance of Rural Growth Network funding to be used to complete the Regional Growth Network project, support transition to new European programmes and deliver legacy activities as per funding agreement with Defra.
HS2 Phase 2	Earmarked - policy	307		307	(200)			107			107	Assumption that Phase 1 goes to the Lords in summer 2016 and Phase 2 is announced in November 2016 - this is the best estimate. Very much dependent on how the government chooses to roll out the next phases of the project.
Growth Deal Bid Development	Service savings		50	50				50			50	In order to access the multi million pound growth deal fund we need to be able to commission business cases and technical work to submit in our bids. This funding will be used to commission this work.
Women's Cycle Race 2016	Service savings		50	50				50	(50)	To fund support activities related to the Warwickshire stage of the Woman's Cycle Race 2016		
Economic Growth Sub-Total		4,242	598	4,840	(1,137)	(180)	0	3,523	(137)		3,386	

Analysis of Reserves as at 31 March 2016

Service	Reserve Category (See Note 1)	Balance on Reserves at 31 December 2015 In-hand (Overdrawn) A £'000	Effect of Final 2016/17 Outturn B £'000	Balance on Reserves at 31 March 2016 In-hand (Overdrawn) C = A+B £'000	2016/17 Council Resolution Drawdown of Reserves D £'000	2016/17 Top-slice of Reserves as per Council Resolution E £'000	Movements Between Reserves (Note 2) F £'000	Revised Reserves In-hand (Overdrawn) G = C+D+E+F £'000	Additional Proposed Drawdown of Reserves in 2016/17 H £'000	Head of Service explanation of what the 2016/17 drawdown of reserves will fund (Column B and/or Column C and/or Column G)	Reserves to be Retained in 2016/17 I = G+H £'000	Head of Service explanation of what risks or expected spend is this being held for (Column H)
Education and Learning												
Business Unit Savings	Service savings	0	278	278				278			278	To meet any overspends/one-off under-recovery of savings against the overall budget allocation for Education and Learning
Special Education Needs and Disabilities Grant	Earmarked - external	748		748	(520)			228		Special Education Needs and Disabilities (SEND) grant earmarked for transition spending up to end of March 2018. A plan has been approved by the SEND Board for the 3 years of transition and is regularly reviewed at SEND board meetings. The 2016/17 drawdown of reserves is as per the approved plan.	228	Special Education Needs and Disabilities (SEND) grant earmarked for transition spending up to end of March 2018. A plan has been approved by the SEND Board for the 3 years of transition and is regularly reviewed at SEND board meetings.
Early Years Pupil Premium Implementation	Earmarked - external	31		31	(31)			0		Pupil Premium Grant received in quarter 4 2014/15, to be used to meet spending needs on Pupil Premium Implementation	0	
Traded Services Reserve	Service savings	129		129				129	(13)	The drawn down on reserves is to fund a temporary bid consultant who is working across all WES Services. The purpose of this piece of work is to develop an end to end bidding process to enable WES Services to successfully bid for and win tenders for both new and existing business. This forms a crucial element of the Growth Strategy for WES Services. This is part of the funding, the remaining £67,000 is being requested from Resources WES Reserve (See annex S).	116	
DSG	Service savings	0	(2,322)	(2,322)			2,322	0		Pupil Premium Grant received in quarter 4 2014/15, to be used to meet spending needs on Pupil Premium Implementation	0	
Education and Learning Sub-Total		908	(2,044)	(1,136)	(551)	0	2,322	635	(13)		622	
Localities and Community Safety												
DAAT Reserves	Earmarked - external	451	61	512				512			512	Partner resources for the DAAT which must be used for specified purposes. This reserve will transfer to Public Health from 2016-17 as part of the Future Directions changes.
Museum Development Fund	Earmarked - external	232	3	235				235			235	
Museum Ethnographic Fund	Earmarked - external	18		18				18			18	
Records Purchase Fund	Earmarked - external	19		19				19			19	
Records Donations Fund	Earmarked - external	58	3	61				61			61	Donations to Heritage and Culture which must be used for specified purposes.
Business Unit Savings	Service savings	243	185	428	(230)	(63)		135		To meet necessary costs of increased Independent Domestic Violence Advisor provision	135	To meet any overspends/one-off under-recovery of savings against the overall budget allocation for Localities and Community Safety.
Trading Standards	Trading	53	(7)	46				46			46	To meet future variances in the performance of the Calibration service.
Proceeds of Crime	Earmarked - external	27		27				27			27	
Community Safety Statutory Reviews	Earmarked - external	105	(28)	77				77	(27)	Draw down of Proceeds of Crime reserve to fund an Intelligence Officer post	50	Ring-fenced sum to fund unavoidable costs of Community Safety statutory reviews on domestic homicide.
Secure Remand Reserve	Earmarked - external	405		405				405			405	This reserve will be used to provide transitional support to the service following significant partner funding reductions.
Priority Families Reserve	Earmarked - policy	1,164	20	1,184				1,184			1,184	The balance of government funding for the Priority Families initiative to support the delivery of phase 2 of the programme. This reserve will transfer to the People Group from 2016-17 as part of the Future Directions changes.
Heritage and Culture Services - Our Warwickshire	Earmarked - external	190		190				190			190	The funds are held as match funding to complete the on-going "Our Warwickshire" Heritage Lottery Fund projects.
Third Sector Transformation fund	Earmarked - policy	500	(500)	0				0			0	One-off resources held in a reserve to support Third Sector transformation activity
Localities & Partnerships Reserves	Service savings	0	74	74				74		Councillor Grants carry-forward - Nuneaton & Bedworth, North Warwickshire and Rugby	74	Councillor Grants carry-forward - Nuneaton & Bedworth, North Warwickshire and Rugby
Localities and CS Sub-Total		3,465	(189)	3,276	(230)	(63)	0	2,983	(27)		2,956	
Public Health												
Business Unit Savings	Earmarked - external	1,010	382	1,392		(60)	(38)	1,294		Transferred to Other Services reserves as part of 15-16 outturn: 0-5 Smart Start unspent funding	1,294	Balance of Public Health ring-fenced grant.
Family Nurse Partnership	Earmarked - external	361		361				361			361	Funding set aside for investment in the Family Nurse Partnership.
Public Health Sub-Total		1,371	382	1,753	0	(60)	(38)	1,655	0		1,655	

Analysis of Reserves as at 31 March 2016

Service	Reserve Category (See Note 1)	Balance on Reserves at 31 December 2015 In-hand (Overdrawn) A £'000	Effect of Final 2016/17 Outturn B £'000	Balance on Reserves at 31 March 2016 In-hand (Overdrawn) C = A+B £'000	2016/17 Council Resolution Drawdown of Reserves D £'000	2016/17 Top-slice of Reserves as per Council Resolution E £'000	Movements Between Reserves (Note 2) F £'000	Revised Reserves In-hand (Overdrawn) G = C+D+E+F £'000	Additional Proposed Drawdown of Reserves in 2016/17 H £'000	Head of Service explanation of what the 2016/17 drawdown of reserves will fund (Column B and/or Column C and/or Column G)	Reserves to be Retained in 2016/17 I = G+H £'000	Head of Service explanation of what risks or expected spend is this being held for (Column H)
<u>Transport and Highways</u>												
Transport & Highways General Savings	Service savings	0	357	357		(163)		194			194	Approval was sought at Quarter 3 to create a reserve for contributions required for capital projects to underwrite capital funding shortfalls
Speed Awareness Workshops	Earmarked - external	920		920				920			920	Ring-fenced reserve consisting of WCC and Police funding, capped at an agreed level of £920,000 with Warwickshire Police.
Speed Camera Reserve	Earmarked - external	0	100	100	(100)			0		Assuming the DfT make their decision on approved camera types then we will utilise this funding in 2016-17 on new cameras.	0	
Kenilworth Station	Service savings	421	537	958	(360)	(137)		461			461	To fund future revenue expenditure for Kenilworth Station including the train service subsidy.
County Fleet Maintenance Reserve	Trading	25		25				25		This is a revenue contribution to the capital scheme - expecting to require £360,000 of this in 2016-17	25	To fund future volatility in traded service performance.
Concessionary Travel Reserve	Earmarked - policy	150	1,399	1,549	(20)	(25)	(1,374)	130			130	Retained for new IT systems and development of an eligibility assessment scheme.
Transport Pilot fund	Service savings	0	99	99				99	(99)	£1.374 million contributed to corporate general reserves as 2015-16 outturn variance		
Design Services Reserve	Trading	220		220	(120)			100		Specific transport grant received in 2014/15 for a two year project to end in March 2017	100	To fund transformation of service to maintain traded income.
Traffic Model Revenue Fund	Service savings	57	10	67		(10)		57		Procurement work on the Design Services professional services framework contract (£50,000) and critical detailed Bridges inspections required under the Code of Practice (£70,000).	57	Reserve for development of the traffic model, where income is earmarked for further development.
Highway Maintenance Reserve	Service savings	0	300	300	(300)			0			0	
Transport Sub-Total		1,793	2,802	4,595	(900)	(335)	(1,374)	1,986	(99)	The new Highways Maintenance contract starts in 2016-17 and this funding is required for expected transition costs from the old contract to the new prices.	1,887	
Total Communities Group		11,779	1,549	13,328	(2,818)	(638)	910	10,782	(276)		10,506	

Analysis of Reserves as at 31 March 2016

Service	Reserve Category (See Note 1)	Balance on Reserves at 31 December 2015 In-hand (Overdrawn) A £'000	Effect of Final 2016/17 Outturn B £'000	Balance on Reserves at 31 March 2016 In-hand (Overdrawn) C = A+B £'000	2016/17 Council Resolution Drawdown of Reserves D £'000	2016/17 Top-slice of Reserves as per Council Resolution E £'000	Movements Between Reserves (Note 2) F £'000	Revised Reserves In-hand (Overdrawn) G = C+D+E+F £'000	Additional Proposed Drawdown of Reserves in 2016/17 H £'000	Head of Service explanation of what the 2016/17 drawdown of reserves will fund (Column B and/or Column C and/or Column G)	Reserves to be Retained in 2016/17 I = G+H £'000	Head of Service explanation of what risks or expected spend is this being held for (Column H)
<u>Children's Social Care and Safeguarding</u>												
Business Unit Savings	Service savings	0	(3,912)	(3,912)			3,912	0			0	The intention is to cover this deficit on a one off basis from corporate reserves
Traded Services Reserve	Trading	0	32	32			(32)	0			0	To provide a reserve that allows trading services to operate on a trading basis - i.e. more independently than non trading services. The underspend relates to Child Protection / Taking care.
Group DSG	Service savings	0	74	74			(74)	0			0	
CSC & Safeguarding Sub-Total		0	(3,806)	(3,806)	0	0	3,806	0	0		0	
<u>Early Help and Targeted Support</u>												
Business Unit Savings	Service savings	745	(56)	689	(599)	(22)		68		To facilitate more time to phase the delivery of the savings plan and to provide short term funding for the Integrated Disability Service residential overspend whilst sustainable solutions are developed.	68	To provide cover for further phasing of the WEST savings plan as implementation may be phased for April 2017
Young Carers Contract	Service savings	150		150	(100)			50		As per original approval for the scheme.	50	The remaining reserves are held in order to cover the full term of the contract.
Traded Services Reserve	Trading		25	25			(25)	0			0	To provide a reserve that allows trading services to operate on a trading basis - i.e. more independently than non trading services. The underspend is broken into three areas. County Music underspent £26,000, Outdoor Education overspent £2,000, Department of Education Awards underspent £1,000.
Group DSG	Service savings	0	49	49			(49)	0			0	
Early Help Sub-Total		895	18	913	(699)	(22)	(74)	118	0		118	
<u>Professional Practice and Governance</u>												
Mosaic Implementation	Service savings	400		400	(400)			0		Planned expenditure on Systems Review - to replace the Carefirst System with Mosaic.	0	
Mosaic Implementation - Contingency	Service savings	1,338		1,338	(742)			596		Additional expenditure on Systems Review - to replace the Carefirst System with Mosaic. Use at Quarter 3 is to support Mosaic implementation.	596	Contingency fund to support risks of strategic business changes delaying delivery of the System Review Project.
Savings Programme Risk Reserve	Service savings	435	354	789	(435)	(124)	113	343		Covering additional Business Unit service pressures on a one off basis - including records management, information governance, care management services, and support for service transformation	343	
Learning & Development Delivery	Service savings	264	(66)	198	(75)		(113)	10		Covering additional Business Unit service pressures on a one off basis - including records management, information governance, care management services, and support for service transformation	10	Learning & Development reserve held to cover risks relating to savings programme delivery and impact of additional pressures relating to strategic changes.
Group DSG	Service savings	0	7	7			(7)	0			0	
Professional Practice & Governance - Sub-Total		2,437	295	2,732	(1,652)	(124)	(7)	949	0		949	

Analysis of Reserves as at 31 March 2016

Service	Reserve Category (See Note 1)	Balance on Reserves at 31 December 2015 In-hand (Overdrawn) A £'000	Effect of Final 2016/17 Outturn B £'000	Balance on Reserves at 31 March 2016 In-hand (Overdrawn) C = A+B £'000	2016/17 Council Resolution Drawdown of Reserves D £'000	2016/17 Top-slice of Reserves as per Council Resolution E £'000	Movements Between Reserves (Note 2) F £'000	Revised Reserves In-hand (Overdrawn) G = C+D+E+F £'000	Additional Proposed Drawdown of Reserves in 2016/17 H £'000	Head of Service explanation of what the 2016/17 drawdown of reserves will fund (Column B and/or Column C and/or Column G)	Reserves to be Retained in 2016/17 I = G+H £'000	Head of Service explanation of what risks or expected spend is this being held for (Column H)
<u>Social Care and Support</u>												
Care Act and Integration	Service savings	6,680		6,680		(1,605)	(1,140)	3,935			3,935	The Care Act will bring radical changes to funding and the way in which people contribute to the cost of their care. Any changes resulting are highly unlikely to be fully funded by central government. It is possible that structural integration options may be pursued in the next 3-5 years. These may carry significant one-off costs in scoping, developing and establishing new arrangements and the management of risks during this process as budgets are potentially pooled.
Costs Volatility	Service savings	2,543	(929)	1,614		(468)		1,146			1,146	This reserve addresses the future service risks recognising the scale, volatility and overall risk associated with adult social care services, including unpredictable elements (e.g. flu epidemic). Also the need to protect the wider council from the impact of these, because a small percentage change to adult social care expenditure is a large financial figure.
Systems Review	Service savings	1,000		1,000	(1,000)			0		Implementation of Mosaic financial system	0	
Uncommitted Reserve	Service savings	291		291			(291)	0			0	
Social Care Sub-Total		10,514	(929)	9,585	(1,000)	(2,073)	(1,431)	5,081	0		5,081	
<u>Strategic Commissioning</u>												
Redesign and transformation of market to achieve OOPs savings	Service savings	766		766	(424)	(99)		243		Use of reserves to support the delivery of the current savings plan, for example housing related support and children's centres	243	Required to mitigate risks associated with service redesign and transformation e.g.; legal challenge, delay in achieving defined savings targets within given year(s), risks linked to market changes for example; planning delays, market forces on costs and delays in exit strategies as services are redesigned and recommissioned.
Market failure support e.g.; providers in administration and associated costs with transfer of business and staffing.	Service savings	1,140	495	1,635		(267)	(715)	653		£51,000 carry forward to support delivery of the housing related support savings plan	653	Mitigate risks of provider failure in light of duties in the Care Act: Indemnity for transfer of staff to a new provider in the case of a company going into administration (Southern Cross experience) that is not managed nationally and has to be coped with locally under new legislation. To cover costs associated with a provider going into administration to enable the service to continue uninterrupted e.g.; staff wages, overheads. And to mitigate the risk of judicial review in negotiating and securing a fair price for care from the market.
Care Act	Service savings	0	708	708				708		£117,000 carry forward to cover posts funded by Care Act monies	708	To cover future potential future Care Act related pressures and risks
Impact of costs associated with outsourcing e.g.; costs of repairs to buildings, pension liabilities.	Service savings	1,220		1,220		(353)		867			867	To mitigate the risk of liability for a number of legacy and current issues with outsourcing services e.g.; significant and historical pension liabilities of small/medium community and voluntary sector organisations within the local authority pension fund, building costs associated to any buildings transferred that require ongoing maintenance, funding deficits linked to outsourcing services.
Potential impact on health integration e.g.; cost shunting, exit strategy costs.	Service savings	1,424		1,424		(205)	(715)	504			504	To mitigate the risk of health service changes that may shunt costs towards social care e.g.; reduction in admissions to acute care through the Better Care Fund and the increased pressures on social care provision (market shape).
Group DSG	Service savings	0	71	71			(71)	0			0	
Strategic Comm. Sub-Total		4,550	1,274	5,824	(424)	(924)	(1,501)	2,975	0		2,975	
<u>People Group</u>												
Group Wide Reserve	Service savings			0			2,861	2,861			2,861	
Traded Services	Trading			0			57	57			57	
Group DSG	Service savings			0			201	201			201	
People Group Sub-Total		0	0	0	0	0	3,119	3,119	0		3,119	
People Group Total		18,396	(3,148)	15,248	(3,775)	(3,143)	3,912	12,242	0		12,242	

Analysis of Reserves as at 31 March 2016

Service	Reserve Category (See Note 1)	Balance on Reserves at 31 December 2015 In-hand (Overdrawn) A £'000	Effect of Final 2016/17 Outturn B £'000	Balance on Reserves at 31 March 2016 In-hand (Overdrawn) C = A+B £'000	2016/17 Council Resolution Drawdown of Reserves D £'000	2016/17 Top-slice of Reserves as per Council Resolution E £'000	Movements Between Reserves (Note 2) F £'000	Revised Reserves In-hand (Overdrawn) G = C+D+E+F £'000	Additional Proposed Drawdown of Reserves in 2016/17 H £'000	Head of Service explanation of what the 2016/17 drawdown of reserves will fund (Column B and/or Column C and/or Column G)	Reserves to be Retained in 2016/17 I = G+H £'000	Head of Service explanation of what risks or expected spend is this being held for (Column H)
<u>Customer Service</u>												
Warwickshire Local Welfare Scheme	Earmarked - policy	742	(77)	665				665			665	The reserve will continue to support this area of need and offer proactive support with respect to the Welfare Scheme. The profile of the use of the reserve will depend on the level and timing of proactive projects that are commissioned.
Service Savings	Service savings		200	200		(200)						
Care Act	Service savings	126		126		(126)		0			0	
Customer Journey Reserve	Earmarked - policy	136		136	(136)			0		The reserve will continue to support the implementation of the Corporate Customer Journey programme and will be used to support the digitisation of services.	0	
Customer Service Total		1,004	123	1,127	(136)	(326)	0	665	0	0	665	
<u>Finance</u>												
Financial Training	Service savings	95		95				95			95	This reserve is to train more finance staff for formal qualifications (to provide value added support to the organisation) In addition, it is planned that a training offer of finance for non-finance managers to address the challenges of implementing the OOP should also occur over the next couple of years.
Service Savings	Service savings	0	334	334	(151)	(183)		0		The drawn down reserves will fund IT specialist consultants completing their work to automate the transfer of information from the HR / Payroll system into the General Ledger. Currently this work requires a great deal of manual intervention. This will reduce administrative tasks and contribute towards existing savings plans for the Business Unit.	0	
Finance Sub-Total		95	334	429	(151)	(183)	0	95	0	0	95	
<u>Human Resources</u>												
Going for Growth - Apprenticeship Scheme	Earmarked - policy	717	(28)	689	(300)			389	0	Any in year drawdown will fund the second year of the programme.	389	Ring fenced budget for 3 years to allow the apprenticeship programme to continue
Service Savings	Service Savings	0	178	178		(18)		160	0		160	Held against savings delivered early and committed 2016-17
Human Resources Sub-Total		717	150	867	(300)	(18)	0	549	0	0	549	
<u>Information Assets</u>												
PFI for Schools	Service savings	60	(55)	5				5	0		5	These remaining reserves are planned to be spent in 2015/16 as part of revised Traded Services developments, including new training accommodation following the closure of Wedgnoek House.
WAN Investment	Earmarked - policy	325		325	(325)			0	0	These funds have been drawdown to form a contribution to the capital outlay anticipated for a new Voice over IP solution to replace our current telephony system that is coming to an end of its life in 2016/17. We have completed a proof of concept project and are now developing the business case in terms of costs, benefits and options. It is anticipated that new approaches will offer reduced revenue costs which are required to deliver the OOP, but could require up to £1 million capital investment.. The development and use of this reserve should reduce the requirement for any additional dedicated funding.	0	
Going for Growth - BDUK	Earmarked - policy	1,031		1,031				1,031	0		1,031	This is the Going for Growth revenue budget that will be used to contribute to the extended BDUK project. And is fully committed as part of that much wider, Corporate and indeed partnership project.
Service Savings	Service savings	0	62	62				62	0		62	Will look to add this reserve to the WAN Investment Reserve because as explained above against that specific reserve, we are currently running a project to replace old telephony systems in the next 18 months which current forecast business case may require £1m capital expenditure. Developing Reserve in this way should reduce the requirement for any additional dedicated funding.
Information Assets Sub-total		1,416	7	1,423	(325)	0	0	1,098	0	0	1,098	

Analysis of Reserves as at 31 March 2016

Service	Reserve Category (See Note 1)	Balance on Reserves at 31 December 2015 In-hand (Overdrawn) A £'000	Effect of Final 2016/17 Outturn B £'000	Balance on Reserves at 31 March 2016 In-hand (Overdrawn) C = A+B £'000	2016/17 Council Resolution Drawdown of Reserves D £'000	2016/17 Top-slice of Reserves as per Council Resolution E £'000	Movements Between Reserves (Note 2) F £'000	Revised Reserves In-hand (Overdrawn) G = C+D+E+F £'000	Additional Proposed Drawdown of Reserves in 2016/17 H £'000	Head of Service explanation of what the 2016/17 drawdown of reserves will fund (Column B and/or Column C and/or Column G)	Reserves to be Retained in 2016/17 I = G+H £'000	Head of Service explanation of what risks or expected spend is this being held for (Column H)
<u>Law and Governance</u>												
Counter Fraud Grant Reserve	Earmarked - external	111		111	(91)			20	0	The balance of the grant will be used to complete the Warwickshire Counter Fraud Partnership project	20	The Warwickshire Counter Fraud Partnership Grant is a ring-fenced grant and as such any amounts unspent is to be returned to the awarding body.
Service Savings	Service Savings	0	63	63	(38)	(25)		0	0	This funding will be requested to support the Revenue Growth Project in Legal Services	0	
Law and Governance Sub-Total		111	63	174	(129)	(25)	0	20	0	0	20	
<u>Physical Assets</u>												
Catering Equalisation Account	Earmarked - policy	401		401				401	0		401	This reserve manages the risk of a significant drop in trading days in any one year due to external circumstances
Planning Reserve	Earmarked - policy	430		430	(430)			0	0		0	
Service Savings	Service savings	0	514	514		(514)		0	0		0	
Physical Assets Sub-Total		831	514	1,345	(430)	(514)	0	401	0	0	401	
<u>Service Improvement and Change Management</u>												
Project Management	Service savings	190		190	(190)			0			0	
Service Specific Reserve	Service savings		(108)	(108)		(43)	154	3	0		3	
SICM Sub-Total		190	(108)	82	(190)	(43)	154	3	0	0	3	
<u>Resources Group Reserves</u>												
Transformation Fund	Service savings	1,771		1,771	(750)		(154)	867		This fund will be used to continue the review of the services which we have identified for the next phase of transformation review. In addition, this fund will be used to implement the outcomes of the reviews, including the development of any new trading model which is identified.	867	This reserve is used to fund one-off investment in services, including traded services, to ensure that they are commercially viable, competitive, sustainable and provide an improved service to customers in an ever increasingly competitive market place. The funding will be specifically aimed at supporting new business structures and delivery models across the Group.
System Replacement	Service savings	2,173		2,173	(800)			1,373		Seeking the replacement of the Human Resources Management System	1,373	In the next two years the Council will need to replace some Business Systems that have been used for many years, for example, the Human Resources Management System and the analogue telephony system. Replacing these systems will improve data and processes across the Council. However, such replacements require significant investment. This fund will enable the replacement of these systems to be funded now rather than formally requesting capital investment later which would incur future debt and charges.
Traded Services Reserve	Service savings	258		258				258			258	This reserve is held on behalf of the Group to allow traded services to adjust to changes in the market, including unforeseen financial costs and to smooth out short term fluctuations.
Resources Group Savings	Service savings	366		366		8		374			374	This is a general reserve held on behalf of the Group to mitigate the risk associated with any unforeseen financial costs facing the Group, such as service failure, external suppliers liquidating, loss of grant and other overspends.
Resources Group Sub-Total		4,568	0	4,568	(1,550)	8	(154)	2,872	0		2,872	
Total Resources Group		8,932	1,083	10,015	(3,211)	(1,101)	0	5,703	0		5,703	

Analysis of Reserves as at 31 March 2016

Service	Reserve Category (See Note 1)	Balance on Reserves at 31 December 2015 In-hand (Overdrawn) A £'000	Effect of Final 2016/17 Outturn B £'000	Balance on Reserves at 31 March 2016 In-hand (Overdrawn) C = A+B £'000	2016/17 Council Resolution Drawdown of Reserves D £'000	2016/17 Top-slice of Reserves as per Council Resolution E £'000	Movements Between Reserves (Note 2) F £'000	Revised Reserves In-hand (Overdrawn) G = C+D+E+F £'000	Additional Proposed Drawdown of Reserves in 2016/17 H £'000	Head of Service explanation of what the 2016/17 drawdown of reserves will fund (Column B and/or Column C and/or Column G)	Reserves to be Retained in 2016/17 I = G+H £'000	Head of Service explanation of what risks or expected spend is this being held for (Column H)
<u>Fire & Rescue</u>												
Pensions	Earmarked - policy	79	12	91				91			91	This reserve will support any variations in the revenue costs of the Firefighters Pension Scheme.
Operational Training	Service savings	200	118	318	(200)			118	0	This reserve will be used to support the loss of time limited corporate funding previously provided for Retained Duty System (RDS) training support and Incident Command training & assessment. This is essential training that will need to be funded until the Service is in a position to consider closer collaborative work.	118	This reserve will be used to support the loss of time limited corporate funding previously provided for Retained Duty System (RDS) training support and Incident Command training & assessment. This is essential training that will need to be funded until the Service is in a position to consider closer collaborative work.
Service Savings	Service savings	503	201	704	(406)	(133)		165	0	£129,000 to meet costs associated with implementing a new Fire Control model. £77,000 to meet costs of replacement of essential IT systems. £200,000 to meet revenue implementation costs of Emergency Services Mobile Communications Project.	165	This reserve will be used to support the delivery of the Fire & Rescue Service Transformation Programme or potential fluctuations in operational activity.
RSFRS Project			70	70				70			70	To meet the costs of replacement of essential IT systems
Fire Control Project	Earmarked - external	79	451	530	(42)			488	(488)	This reserve will support the continuation of the Fire Control Project.	0	This reserve will support the continuation of the Fire Control Project - expenditure was expected during Quarter 4 2015/16 but delays have arisen due to external contractors and the project will now be completed in 2016-17
Total Fire & Rescue		861	852	1,713	(648)	(133)	0	932	(488)		444	
<u>Other Services</u>												
Audit Fee Reserve	Service savings	563	82	645				645			645	The external audit fee is variable between years depending on the auditors perceived level of financial risk, the number of additional grant claims to be audited and investigations into any issue that emerge during the audit or are reported to the auditors. This reserve ensures that in any one year there will be no impact on the revenue budget and will ensure sufficient funds are available to meet additional audit requirements. There are two further specific financial risks that this reserve will be expected to cover. Firstly we are required to tender for our external audit services from 2018/19 onwards when the current national contracting arrangements come to an end. Costs are expected to increase, but as yet we do not know by how much. Secondly the statutory deadline for closing the 2017/18 accounts has been brought forward by a month. To meet this deadline will require investment in both the financial system and those systems that interact with it as well as introducing lean thinking across some of our core financial processes. This reserve provides capacity to deliver the changes required.
0-5 Strategy	Earmarked - policy	400	(24)	376			38	414			414	The reserve is part of the £3.8 million allocation for the 0-5 strategy allocated over the 2015-18 period. Its use is determined by the 0-5 Strategy Board.
Capacity Building Fund	Earmarked - policy	1,454		1,454	(300)			1,154		Project Arrow and Fire Control Project management costs.	1,154	Residual funding to support capacity building projects across the authority. The on-going budget has been deleted and therefore once this funding has been used no future funding will be available. This is the only reserve where an officer (the Chief Executive) has delegated authority to make allocations without reference back to Elected Members. Without this reserve any one-off investment to build capacity across the organisation will need prior approval of Members. CTB may want to consider supplementing this reserve as part of their deliberations around OOP2020.
Carbon Reduction Commitment Scheme	Earmarked - policy	527		527		(485)	(42)	0			0	
Community Infrastructure Levy	Service savings	301		301				301			301	Funding set aside to support the County Council's work in ensuring the effective implementation of the Community Infrastructure Levy across Warwickshire. As yet no borough/district has implemented the levy and therefore the risk to the authority of having to incur costs/work remains.
Capital Fund	Earmarked - policy	1,040	(192)	848				848			848	Funding set aside from capital receipts to meet the sale expenses and any associated fees. A rolling Fund is required as the costs of selling assets etc. are incurred before any receipt is received.
Insurance Fund	Earmarked - policy	8,460	57	8,517				8,517			8,517	As an authority it is financially a better option to self-insure for some risks. We also have a number of excesses on the various corporate insurance policies. This Fund provides cover for both of these risks. Without this Fund individual services would be required to meet the cost of excesses or of any risks we self-insure for (e.g. ICT equipment) from their revenue budget as and when claims arise.

Analysis of Reserves as at 31 March 2016

Service	Reserve Category (See Note 1)	Balance on Reserves at 31 December 2015 In-hand (Overdrawn) A £'000	Effect of Final 2016/17 Outturn B £'000	Balance on Reserves at 31 March 2016 In-hand (Overdrawn) C = A+B £'000	2016/17 Council Resolution Drawdown of Reserves D £'000	2016/17 Top-slice of Reserves as per Council Resolution E £'000	Movements Between Reserves (Note 2) F £'000	Revised Reserves In-hand (Overdrawn) G = C+D+E+F £'000	Additional Proposed Drawdown of Reserves in 2016/17 H £'000	Head of Service explanation of what the 2016/17 drawdown of reserves will fund (Column B and/or Column C and/or Column G)	Reserves to be Retained in 2016/17 I = G+H £'000	Head of Service explanation of what risks or expected spend is this being held for (Column H)
Other Services (Continued)												
Schools	Earmarked - external	14,459	3,775	18,234			73	18,307			18,307	This is the net level of school reserves. Any decisions about the use of this funding rest with individual schools.
Interest Rate Volatility Reserve	Earmarked - policy	5,303	133	5,436				5,436			5,436	The Council currently pays interest of £19 million a year and earns interest of £2 million a year on its cash balances. Interest rates are currently at an all time low and therefore these figures do not reflect the long term steady state. This reserve will allow fluctuations in interest rates, as they impact on both the interest we can earn and the interest we pay on any borrowing to be smoothed and avoid the need to allocate resources to fund capital financing costs whilst spend/borrowing is at the level set out in the OOP. A 1% increase in interest rates would cost the Council about £1.2 million by 2020.
National Non-Domestic Rates Appeals	Service savings	1,047		1,047				1,047			1,047	There remains a significant backlog in business rates appeals that have yet to be settled and may go back several years. On top of this there is a full revaluation of business rates properties scheduled to take effect from April 2017. Revaluations always result in a significant growth in appeals and therefore increased risk of not maintaining the budgeted level of business rates income. Looking forward towards 2020 there will be further increased volatility in business rates income as a result of moves towards 100% localisation of business rates. This reserve provides some capacity to manage any impact but is unlikely to be sufficient.
National Non-Domestic Rates Pool	Earmarked - policy	(125)		(125)				(125)			(125)	This overdrawn reserve is the net deficit on the business rates pool. Each Pool member is required to make good their element, if they decide to leave the Pool. The liability is shared across Pool members and is not the responsibility of the County Council. It is held as part of the County Council's accounts because we are the lead authority.
Quadrennial Elections	Earmarked - policy	475	2	477				477			477	The reserve will accumulate over four years, it will then be used to fund the cost of the County Council elections. Without this reserve a spending pressure of £1 million would need to be provided for in the budget every four years and funding for by-elections identified as and when they are needed.
Total Other Services		33,904	3,833	37,737	(300)	(485)	69	37,021	0		37,021	
Corporate Reserves												
General Reserves	Earmarked - policy	21,997	2,438	24,435			(4,933)	19,502			19,502	Reserve set aside to meet corporate financial risks that are not covered elsewhere by business unit and group reserves. The Head of Finance specifies each year the minimum amount that must be help in General Reserves. For 2016/17 this is £16.5 million.
Medium Term Contingency	Earmarked - policy	17,332		17,332	(5,294)		42	12,080		Use of Corporate Reserves to underpin the 2016/17 budget	12,080	Funding set aside to manage timing differences between the delivery of savings and spending need across the four years of the One Organisation Plan. A minimum of £5 million plus any planned use in in 2017/18 is required. (Currently £2.516 million)
Service Realignment Fund	Earmarked - policy	11,877	819	12,696				12,696			12,696	Funding set aside to meet the costs of redundancies/early retirements that arise as a result of the reduction in staff numbers that forms part of the OOP. Without this funding any costs would have to be met from within service budgets, increasing the level of savings to be delivered.
Total Corporate Reserves		51,206	3,257	54,463	(5,294)	0	(4,891)	44,278	0		44,278	
TOTAL		125,078	7,426	132,504	(16,046)	(5,500)	0	110,958	(764)		110,194	

Note 1 - Reserve Categories

Earmarked External - Central Government and other external partners/funding bodies require these reserves are used for a specific purpose.

Earmarked Policy - Reserves that have been set up following specific Member approval.

Trading - Reserves generally retained by Traded Services to smooth out surpluses and deficits over a number of years.

Service Savings - Underspends by services which may be accumulated to meet known future spending pressures, savings plans or as a contingency against future unknown service pressures.

Note 2 - Movement Between Reserves

The movement between reserves must total zero overall.