

Agenda Item No 8  
Cabinet 6 February 2025

Title: Q2 Budget Update 2024/25  
Lead Officer: Steven Leathley (01926 456843)  
Portfolio Holder: Councillor Chilvers  
Wards of the District directly affected: All

<b>Approvals required</b>	<b>Date</b>	<b>Name</b>
<b>Portfolio Holder</b>	22/01/25	Councillor Chilvers
<b>Finance</b>	22/01/25	Steven Leathley / Betty Gong
<b>Legal Services</b>		
<b>Chief Executive</b>	23/01/25	Chris Elliott
<b>Director of Climate Change</b>	23/01/25	Dave Barber
<b>Head of Service(s)</b>	22/01/25	Andrew Rollins
<b>Section 151 Officer</b>	22/01/25	Andrew Rollins
<b>Monitoring Officer</b>	23/01/25	Graham Leach
<b>Leadership Co-ordination Group</b>		
<b>Final decision by this Committee or rec to another Cttee / Council?</b>	Yes	
<b>Contrary to Policy / Budget framework?</b>	No	
<b>Does this report contain exempt info/Confidential? If so, which paragraph(s)?</b>	No	
<b>Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?</b>		
<b>Accessibility Checked?</b>	Yes	

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## Summary

The report provides an update on the current financial position as at 30<sup>th</sup> June 2024, providing a full year forecast for the 2024/25 financial year, and for the medium term through the Financial Strategy. Key variances and changes are highlighted to inform members, with some recommendations also being put forward for their consideration.

Quarter Three Update 2024/25 Report will be presented at Cabinet on 19 March 2025  
Quarter Four (Outturn) 2024/25 Report will be presented at Cabinet on 3 September 2025 in line with the publication of the draft Statement of Accounts 2025/26.

## Recommendation(s)

- (1) That Cabinet notes the latest current year financial position for General Fund £0.291m adverse after adjustments for earmarked Reserves, and Housing Revenue Account £0.282m adverse, with the key variations that drive these positions.
- (2) That Cabinet notes the impact on the Medium-Term Financial Strategy (MTFS) due to changes detailed within the report, and how these changes are expected to be accommodated through the use of reserves.
- (3) The Cabinet notes the current capital variations for schemes originally approved in February 2024 and approves all changes.
- (4) That Cabinet recommend to Council that the Members Allowances Scheme for 2024/25 is uprated by 2.78% and back dated to Annual Council on 14 May 2024 in line with the Paragraph 7 of the members allowances scheme.
- (5) That the Cabinet recommends to Council the Chair of Housing Scrutiny is paid an allowance of £4,596.93 (before the uplift above).

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## 1 Current year variances - General Fund

A full review and full year forecast have been completed by all Cost Centre Managers to estimate the total financial commitment for this current year. Accountancy has supported managers in the preparation of these figures. As at 30<sup>th</sup> September (end of Quarter Two) there is an Adverse forecast variance of £0.291m after adjustment for Reserves for the 2024/25 financial year to 31<sup>st</sup> March.

Department / Portfolio	Budget 2024/25	Forecast 24.25 Q2	Q2 Variance	Reserves	Adjusted Variance after reserves
General Fund	£000	£000	£000	£000	£000
Customer & Digital Services	1,279	1,448	169	0	169
Finance	2,118	1,466	(652)	0	(652)
Housing Services - GF	3,860	3,696	(164)	(173)	9
Neighbourhood & Assets	8,785	9,340	555	0	555
People and Communication	40	25	(15)	(3)	(12)
Place, Arts & Economy	11,296	11,088	(208)	0	(208)
Safer Communities, Leisure & Environment	6,610	6,827	217	(10)	227
Strategic Leadership	2,578	2,824	246	43	203
<b>General Fund Total</b>	<b>36,566</b>	<b>36,714</b>	<b>148</b>	<b>(143)</b>	<b>291</b>

A Breakdown of changes between Quarter One and Quarter Two by Portfolio is shown below.

Movement Between Q1 and Q2	Q1 Variance after Reserves	Q2 Variance after Reserves	Movement
General Fund	£000	£000	£000
Customer & Digital Services	305	169	(136)
Finance	(69)	(652)	(583)
Housing Services - GF	103	9	(94)
Neighbourhood & Assets	217	555	338
People and Communication	(32)	(12)	20
Place, Arts & Economy	(343)	(208)	135
Safer Communities, Leisure & Environment	(44)	227	271
Strategic Leadership	127	203	76
<b>General Fund Total</b>	<b>264</b>	<b>291</b>	<b>27</b>

#### Earmarked Reserve Movements in Q2

Proposed Earmarked Reserve Movements at Q2		
General Fund		£000
Election Expenses Reserve	Drawn down of underspent Grant from 2023/25	(51)
Climate Change Reserve	Underspend / Overspend in year to Earmarked Reserve	8
Tennis Maintenance Reserve	Underspend / Overspend in year to Earmarked Reserve	10
Working for Warwick Reserve	Underspend / Overspend in year to Earmarked Reserve	3
HMO Funded Work	Underspend / Overspend in year to Earmarked Reserve	(46)
Homelessness Prevention Reserve	Underspend / Overspend in year to Earmarked Reserve	219
		<b>143</b>

A summary by Portfolio of major variances is provided below:

List of major Variations		Q2 £000	Favourable (F) / Adverse (A)	Q1 £000	Change £000
<b>Customer &amp; Digital Services</b>					
1.1.2.1	Benefits - Homelessness Rent Rebates	173	A	304	(131)
<b>Finance</b>					
1.1.3.1	Revenues	0	F	(50)	50
1.1.3.2	Audit, Risk & Insurance	1	A	(15)	16
1.1.3.3	Contingency Budgets	(687)	F	0	(687)
1.1.3.4	Audit Fees	30	A	0	30
<b>Housing Services - General Fund</b>					
1.1.4.1	Private Sector Housing	(55)	F	110	(165)
1.1.4.2	Choice Base Lettings	18	A	0	18
1.1.4.3	Community Partnership	53	A	0	53
<b>Neighbourhood &amp; Assets</b>					
1.1.5.1	Waste Collection Contract – SMRF	450	A	280	170
1.1.5.2	Estate Management	25	A	31	(6)
1.1.5.3	Business Support & Development	11	A	11	0
1.1.5.4	Car Parks	(79)	F	(108)	29
1.1.5.5	Waste Management	91	A	0	91
1.1.5.6	Grass Cutting	29	A	0	29
1.1.5.7	Compliance Management	6	A	0	6
1.1.5.8	Bereavement Services	13	A	0	13
<b>People &amp; Communication</b>					
1.1.6.1	Apprentice Incentive scheme funding	(33)	F	(32)	(1)
1.1.6.2	Human Resources General	21	A	0	21
<b>Place, Arts &amp; Economy</b>					
1.1.7.1	Royal Spa Centre	(219)	F	(229)	10
1.1.7.2	Women's Cycle Tour	(30)	F	(30)	0
1.1.7.3	South Warwickshire Local Plan	(21)	F	(21)	0
1.1.7.4	Royal Pump Rooms	(26)	F	(28)	2
1.1.7.5	LEP Contribution Growth Hub	(16)	F	(36)	20
1.1.7.6	Development Control	143	A	0	143
1.1.7.7	Building Control	(96)	F	0	(96)
1.1.7.8	Town Hall	137	A	0	137
1.1.7.9	Policy & Projects	(36)	F	0	(36)
1.1.7.10	Parish Neighbourhood Plans	(22)	F	0	(22)
1.1.7.11	Economic Development	(13)	F	0	(13)
<b>Safer Communities, Leisure &amp; Environment</b>					
1.1.8.1	Community Safety	32	F	(67)	99
1.1.8.2	Licensing & Registration	19	A	14	5
1.1.8.3	Edmondscote Sports Track	10	A	10	0
1.1.8.4	Client Monitoring	23	A	0	23
1.1.8.5	Green Space Development	99	A	0	99
1.1.8.6	Outdoor Recreation	10	A	0	10
1.1.8.7	CCTV	6	A	0	6
<b>Strategic Leadership</b>					
1.1.9.1	Kenilworth School	221	A	243	(22)
1.1.9.2	Abbey Fields Cycle Route	(140)	F	(140)	0
1.1.9.3	Shared Legal Services	130	A	111	19
1.1.9.4	Corporate projects - Linen Street Feasibility	(27)	F	(50)	23
1.1.9.5	CS Team	(1)	F	(28)	27
1.1.9.6	Democratic Representation	(7)	F	(10)	3
1.1.9.7	Relocation Kenilworth Wardens	28	A	0	28

### 1.1.1 Salary Costs (General Fund).

- 1.1.1.1 As part of the Vacancy factor process for Q2, A full year forecast of all Salary budgets has been completed and the Vacancy factor calculations have been made. This forecasts that 97.35% of the for General Fund Vacancy Factor (£0.826m) has been met. This leaves the remaining £0.497m to be completed for the current year.
- 1.1.1.2 Agency use is offset against staffing underspends across service areas, and is therefore factored into the vacancy factor calculations. However, it should be noted that agency use is currently forecast to be over budget by £0.312m in 2024/25. A review on the use of agency staffing is due to be carried out as part of ongoing work reviewing establishments as part of the change programme.

### 1.1.2 Customer & Digital Services.

- 1.1.2.1 An increase in Homelessness Rent Rebates for which the authority does not receive full government subsidy. The number of residents claiming this allowance, and the duration for which they claim it, has increased in recent years, while the subsidy has remained at a level set back in 2011 (Local Housing Allowance Rate). Further work will take place to look at the accommodation in which people are placed, and whether there is more that can be done to reduce durations, particularly in accommodation such as hotels and B&B's which are not fully reimbursed by the subsidy.

### 1.1.3 Finance.

- 1.1.3.1 Quarter One staff savings now given up to vacancy factor.
- 1.1.3.2 Quarter One staff savings now given up to vacancy factor.
- 1.1.3.3 At budget setting in February 2024, contingency budgets were set to mitigate the unknown rising costs of contracts linked to inflation. These are held and managed centrally by the Head of Finance. In Q2, the contingency budgets have been fully utilized to offset some of the increased expenditure reflected in this report and therefore showing in a favorable underspend in the Finance Service.
- 1.1.3.4 Increase cost of External Audit for the completion of the 2021/22 and 2022/23 Statement of Financial Accounts, this is partly due to the additional work required due to the change of Financial System mid-year of 2021/22, and extra scrutiny required from our External Auditors

### 1.1.4 Housing Services – General Fund.

- 1.1.4.1 Private Sector Housing – An increase anticipated from grant repayments due to house sales. Budget adjustment to other grants and contributions as Warwick university post was no longer required.
- 1.1.4.2 Choice based lettings – Income from using home choice is no longer available.
- 1.1.4.3 Community Partnerships-overspend in salary as additional employee was transferred to the establishment from Tenancy management. A budget growth is considered in Q3.

### 1.1.5 Neighborhood & Assets.

- 1.1.5.1 Waste Collection Contract – The budget and MTFS made provision for an expected rebate of £1m for recycle that is sold by the Materials Recycling Facility (MRF), which WDC is an owner along with 7 other local authorities. However, it has emerged over the last year that some of the forecasts included in the original business case do not reflect ongoing costs and challenges of delivering the service.

In Quarter One the Budget target was reduced to £0.550m using contingency budgets held for this purpose. It is now expected that the rebate will be £0.100m, a £0.450 under-delivered against the 2024/25 budget. The rebate is low due to the set up and actual costs of haulage, higher non sellable waste and lower tonnage across the shareholders.

This is an issue no exclusive to WDC, with all shareholding Councils experiencing similar problems due to incorrect financial information being given upon which decisions have been made, including setting the budget.

We are still awaiting further details relating to the Business Plan and schedule for rebates and this will be assess in future monitoring reports and Budget Setting.

- 1.1.5.2 Estate Management - A number of wider Estates management matters require consultancy.
- 1.1.5.3 Business Support & Development – increased expenditure on waste disposal.
- 1.1.5.4 Car Parking income. After the Parking Service underwent an alignment in July last year, the increase in Penalty Charge Notices (PCN) being issued were expected to stabilise. However, we continue to see record numbers of PCN's being issued, increasing income for this service.
- 1.1.5.5 Waste management - forecasted an increase in costs due to the new cleaning contract in May 2024. Green waste income from the sale of the permit is estimated to be under budget, it is under a fees and charges review.
- 1.1.5.6 Grass cutting – overspend due to additional machinery needed to hire for events in the final quarter of the year, Service Area manager to review in Q3 to propose savings within Services to mitigate this overspend.
- 1.1.5.7 Compliance Management- this is the annual fee for the security alarm system and monthly service charges. Budget to be reviewed and set for 2025/26.
- 1.1.5.8 Bereavement Services – Reduced income from rental of the lodge properties in the cemeteries as currently undertaking review of an empty property that will need to be brought back to lettable standard.

### 1.1.6 People & Communications.

- 1.1.6.1 Underspend to be contributed towards shared post apprentice to cover Forestry apprentice Final year costs.
- 1.1.6.2 Human Resources General. Increase in Occupational Health charges. This will be reviewed in Budget setting 2025/26.

### 1.1.7 Place, Arts & Economy.

- 1.1.7.1 The Royal Spa center projected increase in income to be from Non-WDC Shows this year. The predictions are based on income to date and previous year's outturn.
- 1.1.7.2 Budget was allocated from the Core Finance Settlement for the Women's cycle tour. This had unfortunately been cancelled in 2023. Despite funding being in place for 2024, the tour of Britain has not returned to Warwick, and instead visited other parts of Wales and England in June. This funding will therefore be released back to Reserves.
- 1.1.7.3 The Local Plan budget has been set aside to support a programme of work on the South Warwickshire Local Plan (SWLP) over several years. An estimate of costs was made when the SWLP was commenced in 2021, recognizing that it would be needed over the lifetime of the project. Work is proceeding apace on the SWLP and, to date, costs have predominantly related to the cost of preparing the evidence base and public consultation. A revised timetable for the SWLP was agreed in November 2023 and this sees the SWLP being adopted in 2027. This project is also being funded by Stratford-on-Avon District Council and costs are being shared between the two authorities.
- 1.1.7.4 Royal Pump Room – Increased income forecast based on previous year's outturn. This will be reviewed in Budget setting 2025/26.
- 1.1.7.5 LEP Contribution Growth Hub. Funding for the Growth Hub in 2024/2025 was agreed to fund the level 2 service at £0.015m this year. Remaining amount in the EMR will be savings.
- 1.1.7.6 Development control. Additional costs on Staffing, partly offset by underspends in established post. Income online to meet budgeted targets.
- 1.1.7.7 Building control. Salary underspend from current Vacant posts.
- 1.1.7.8 Town Hall. Due to the current works at the Town Hall for the future High Street Project, and the relocation of Riverside House, rental income and charges have reduced as the space was not available to rent out. This budget has been addressed in the Budget Setting process for 2025/26.
- 1.1.7.9 Policy and Project. An increase in Grant received from UKSPF
- 1.1.7.10 Parish Neighborhood Plans. Budget created in 2024/25 will not be used in year. This will be reviewed in budget setting 2025/26.
- 1.1.7.11 Economic Development. General savings on service expenditure.

### 1.1.8 Safer Communities, Leisure & Environment.

- 1.1.8.1 Community Safety. OPCC grants and Serious Violence grants to be received in 2024/2025 to fund salary costs. An increase in costs for Hired Transport.
- 1.1.8.2 Licensing & Registration – Forecasted income for Private Hire Services was revised to be lower than the budgeted income, this is impacted by the number of applications received, which have been lower than expected.
- 1.1.8.3 Edmondscote Sports Track - Athletics Track Idverde ground maintenance costs for the year. Budget to be reviewed at Budget setting 2025/2026.
- 1.1.8.4 Client Monitoring. Increase in costs for Consultancy charges at Leisure Centres within the district

- 1.1.8.5 Green space development. Increased costs relating to Agricultural Goods
- 1.1.8.6 Outdoor Recreation. Increased costs in relationship to Contracted Cleaning.
- 1.1.8.7 CCTV. Reduced income for CCTV viewing charges.
  
- 1.1.9 Strategic Leadership.
  - 1.1.9.1 Kenilworth School - WDC acted as guarantor and the approved budget as of July 2023 was £1.5m. Following several months of checking and chasing WCC it has been established that our unbudgeted liability for the school 278 highway costs was £243k. Going forward WDC will ensure that our interests are protected in future agreements, through agreed cost caps on any guarantees, protocols for cost escalation being in place and having a technical WDC representative on such project teams.
  - 1.1.9.2 Abbey Fields Cycle Route - Consultation & Feasibility works to be completed in 24/25, works expected to be completed 2025/2026, this will most likely require EMR to 2025/2026
  - 1.1.9.3 At present a number of positions with the shared legal team are being covered by agency/locum staff, to ensure that service provision can continue. However, these come at additional cost which is accepted cannot be sustained and discussions on this are taking place between the Head of Law & Governance at SDC and Head of Governance at WDC. There is an expectation that this level should reduce however there is also significant demand with the legal team working at above capacity to meet the demands from WDC commercial work at this time.
  - 1.1.9.4 This is a long on-going project, the forecast is an estimate based on expected costs for existing work for 2023/2024. The remaining Budget will be requested by Embarked Reserve to transfer into the new financial year.
  - 1.1.9.5 Quarter One staff savings now given up to vacancy factor.
  - 1.1.9.6 Democratic Representation. Expected increase on previous years, as using a new location (shire hall) this will change when meetings move back to town hall. Budget to be reviewed at budget setting for 2025/2026.
  - 1.1.9.7 Kenilworth wardens. Final project charges including Business Plan and Valuations.
- 1.1.10 Members Allowance & Chair of Housing Security Committee.
  - 1.1.10.1 Members Allowance (Recommendation 4). The uprating of members allowances is dependent on the pay award offered to officers on scale point / nationally. The Current scheme reads as follows: "The allowances identified in paragraphs 2 and 3 above shall be increased by the annual local government pay percentage increase as agreed each April (linked to spinal column point 38 of the NJC scheme) to be implemented the following May in that year from the date of the Council Annual Meeting". The pay award to officers on all scale points was £1,925 and calculated as percentage for scale point 38 this would be 2.78%. Officers have consulted with the Independent Remuneration Panel who have agreed with this interpretation.
  - 1.1.10.2 Chair of the Housing Security Committee (Recommendation 5). In respect of the allowance for the Allowance for Chair of Housing Scrutiny Committee this was proposed as part of the paper establishing this committee and officers were asked to consult with the Independent Remuneration Panel on this proposal. This consultation has taken place and they are in agreement with



the proposal recognising the key assurance role of the committee and detailed involvement required of the chair. In addition to this there is due to be a full review of allowances undertaken and completed to be built into the February 2026 budget report.

## 1.2 Current year variances – Housing Revenue Account (HRA).

Variations have been identified by the Accountancy Team in conjunction with the relevant budget managers, giving a full year variance of £0.282m.

Department / Portfolio	Budget 2024/25	Forecast 24.25 Q2	Q2 Variance	Reserves	Adjusted Variance after reserves
Housing Revenue Account (HRA)	£000	£000	£000	£000	£000
Housing Services - HRA	0	282	282	0	282
<b>Housing Revenue Account Total</b>	<b>0</b>	<b>282</b>	<b>282</b>	<b>0</b>	<b>282</b>

Changes for Quarter One to Quarter Two.

Movement Between Q1 and Q2	Q1 Variance after Reserves	Q2 Variance after Reserves	Movement
Housing Revenue Account (HRA)	£000	£000	£000
Housing Services - HRA	219	282	63
<b>Housing Revenue Account Total</b>	<b>219</b>	<b>282</b>	<b>63</b>

A summary of major variances is provided below:

List of major Variations	Q2 £000	Favourable (F) / Adverse (A)	Q1 £000	Change £000
<b>Housing Revenue Account (HRA)</b>				
1.2.2 Tenancy Management	159	A	158	1
1.2.3 Warwick Response	42	F	24	18
1.2.4 Housing Repairs - Responsive	64	A	78	(14)
1.2.5 Paining & Decoration	(300)	F	0	(300)
1.2.6 Waking Watch	205	A	0	205
1.2.7 Kenilworth Schools	101	A	0	101

1.2.1 As part of the Vacancy factor process for Q2, A full year forecast of all Salary budgets has been completed and the Vacancy factor calculations have been made. This forecasts that 100.00% of the for HRA Vacancy Factor (£1.592m) has been met.

1.2.2 Tenancy Management – Current forecast of IT software cost based on last year’s outturn, the annual software license fee I expected to be charged in September 2024. Budget for costs of IT software to be reviewed at budget setting for 2025/2026.

1.2.3 Warwick Response – Forecast for general fees and charges predicted yearly reduction resulted from private customers leaving with only Warwick council

customers in properties, income generated from sales of sundry item is not as much as pre-covid.

- 1.2.4 Housing repairs – Overspend on repairs and maintenance for Fire Prevention Works. Service Manager to review further for Quarter Three forecast and provide additional update.
- 1.2.5 Painting & Decoration. Reduced expenditure in year to offset increased costs within the HRA including Waking Watch and Kenilworth Schools.
- 1.2.6 Waking Watch. Costs of providing a waking watch fire security service to high rise building, originally budgeted up to December 2024, the additional cost relate to the service continuing until July 2025 (this report only includes cost to end of March 2025), when all fire safety works will be completed. A provision in 2025/26 budget has been made for costs up to July 2025.
- 1.2.7 Kenilworth Schools. Cost of vacant possession of Rouncil and Layes Lane School site, these include security and NNDR costs.

### 1.3 Medium Term Financial Plan (MTFS). Recommendation 3

1.3.1 The MTFS was last formally reported to members in February 2024 as part of the Budget setting and Council Tax setting reports. At that stage the profile of revenue savings to be found was as follows:

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Deficit-Savings Req (+)/Surplus (-) future years	0	4.475	2.434	(0.250)	(0.913)

1.3.2 Within the 2024/25 budget report, it was agreed that to balance the in-year budget that £4.475m be allocated from the GF Volatility Reserve.

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Deficit-Savings Req (+)/Surplus (-) future years	0	0	2.434	(0.250)	(0.913)

1.3.3 In light of the variations highlighted in this report, the MTFS been updated as outlined below:

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Deficit-Savings Req (+)/Surplus (-) future years	0	0.291	2.500	0.163	(0.030)

1.3.4 As referenced in section 1.1.5.1, the impact of the updated Business Plan for the MRF will be reflected in future updates.

1.3.5 Officers are continuing to review ways of reducing the deficit, including income generation, service efficiency and cost saving schemes through the change programme board.

1.3.6 Were the deficit to remain, it is recommended that this is met by the GF Volatility Reserve. There remains sufficient headroom within the reserve (£3.8m) to meet the forecast deficits for 2024/25 and 2025/26.

1.3.7

1.3.8 In addition to the variations discussed in section 1.1, since the budget was set the Council has agreed to participate in the delivery of the West Midlands Investment Zone. As part of this, it had been agreed that Warwick District Council can invest up to £90.2m over 25 years of the business rates generated from the Segro Park and Whitley South sites in local growth initiatives (LGI's) across the district, offering the Council increased financial certainty for the future.

This report has now been presented to Cabinet and reflected in the MTFS.

#### 1.4 **Capital Forecast 2024/25. Recommendation 4.**

1.4.1 Capital currently forecasts a reduction in funding requirement in year of £6.612m for General Fund and £7.484m for HRA. A full breakdown of Capital Variances is shown in Appendix 1.

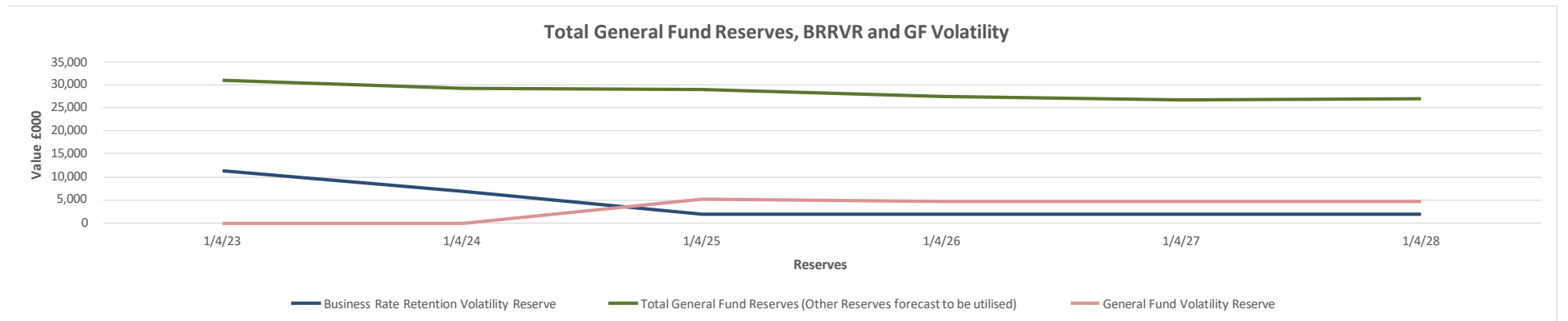
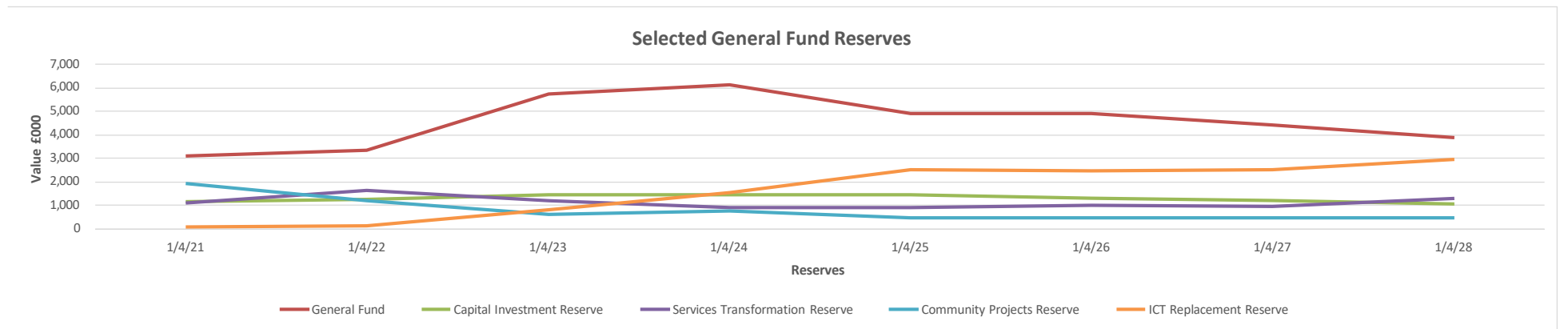
#### 1.5 **Reserves**

1.5.1 The below table presents the latest summary of available reserves. This reflects non committed, and non-ringfenced balances as at Budget Setting reports approved at Cabinet February each Financial Year, and ranges from 1<sup>st</sup> April 2020 (Showing previous 3 years and current year) up to 1 April 2028 (the period covered by the current MTFS).

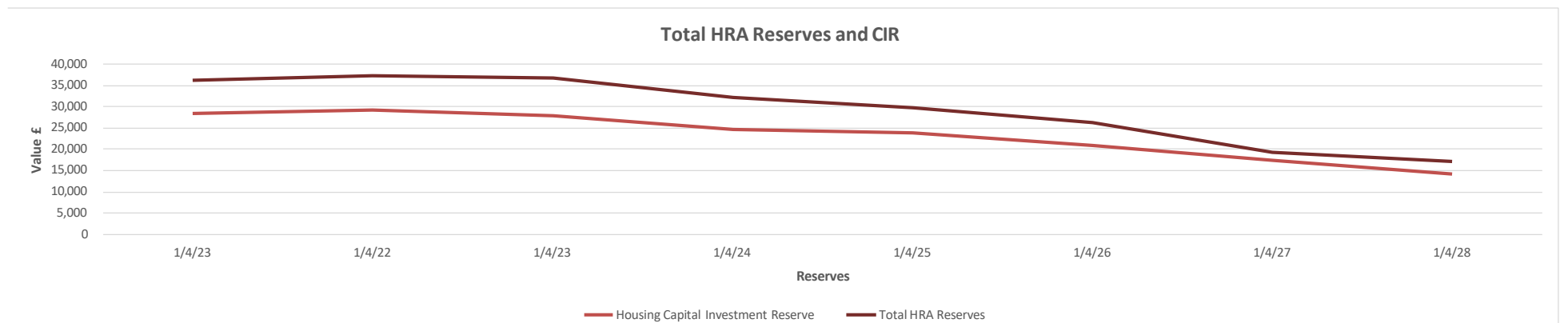
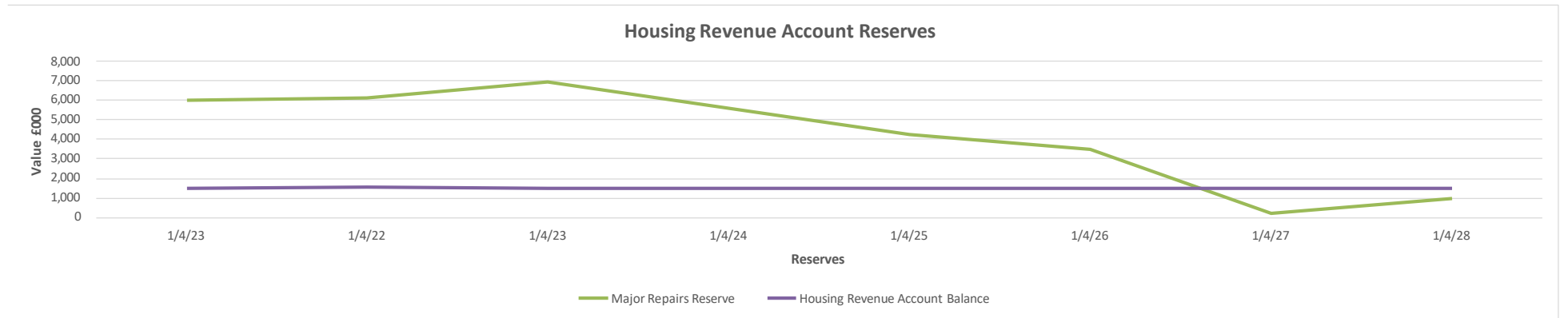
All Reserves include the final movements for 2021/22, 2022/23 and 2023/24 after the completion of these accounts (draft accounts for 2023/24).

All reserves do not include any adjustments in relation to the forecast final position, or movement to Earmarked Reserves for the 2024/25 financial year.

		Actual	Actual	Actual	Actual	Estimate	Estimate	Estimate	Estimate
		£000	£000	£000	£000	£000	£000	£000	£000
General Fund	Minimum agreed balance £1.5m	3,118	3,341	5,739	6,109	4,901	4,901	4,401	3,901
Capital Investment Reserve	minimum agreed balance £1.0m	1,153	1,256	1,456	1,456	1,456	1,283	1,183	1,083
Services Transformation Reserve		1,087	1,632	1,198	932	895	1,020	961	1,303
Community Projects Reserve		1,919	1,210	616	756	483	458	458	458
ICT Replacement Reserve		94	132	829	1,553	2,535	2,483	2,527	2,975
General Fund Volatility Reserve	Transfer from BRRVR to leave £2m	0	0	0	0	5,172	4,710	4,710	4,710
Business Rate Retention Volatility Reserve	£2m agreed balance ahead of anticipated Business Rate Reset in 2025/26 is achieved.	7,522	18,110	11,485	6,913	2,000	2,000	2,000	2,000
<b>Total General Fund Reserves (Other Reserves forecast to be utilised)</b>		<b>21,924</b>	<b>34,443</b>	<b>31,080</b>	<b>29,333</b>	<b>28,951</b>	<b>27,468</b>	<b>26,723</b>	<b>27,118</b>



Housing Revenue Account Reserve	1/4/23	1/4/22	1/4/23	1/4/24	1/4/25	1/4/26	1/4/27	1/4/28
	Actual	Actual	Actual	Actual	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000	£000	£000	£000
Housing Capital Investment Reserve	28,495	29,206	27,871	24,626	23,811	20,934	17,348	14,264
Major Repairs Reserve	5,996	6,150	6,956	5,610	4,262	3,520	218	958
Housing Revenue Account Balance	1,513	1,552	1,500	1,500	1,500	1,500	1,500	1,500
Housing Early Retirements Reserve	21	21	21	41	21	21	21	21
HRA Rough Sleeping Initiative Reserve	262	262	262	262	21	21	21	21
Lifeline Funding for Assistive Technology Reserve	0	0	127	21	262	262	262	262
<b>Total HRA Reserves</b>	<b>36,287</b>	<b>37,191</b>	<b>36,737</b>	<b>32,060</b>	<b>29,877</b>	<b>26,258</b>	<b>19,370</b>	<b>17,026</b>



## **2 Alternative Options**

2.1 No alternative options are presented.

## **3 Legal Implications**

3.1.1 The proposals are in line with current legislation where applicable.

## **4 Financial Services**

4.1.1 Officers review current year budgets against outturn on a monthly basis at the same time as considering their implications for the medium term. Members are updated on a quarterly basis. As part of this process budget managers are asked to review both their salary position and revenue position through returns with Accountancy, and update / comment as necessary. This process has been strengthened over the last few years through increased formalisation. Further reviews and changes to this process will be implemented through utilisation of the new Financial Management System (FMS).

4.1.2 The Budget Review Process provides a planning tool to ensure resources are directed to the Council's priorities. Alongside the Council's own activities, external factors influencing its finances are also taken into consideration, for example Central Government Financing, the Business Rates Retention scheme, changes in legislation and the economy.

4.1.3 The Council maintains its Reserves to deliver Capital and other projects, and to ensure that there are sufficient resources available to manage unforeseen demands and continue to deliver its services. Close monitoring of these Reserve balances and Capital Programme, together with plans to replenish them will preserve the financial stability of the organisation for future years.

4.1.4 Accountancy supported by SLT will continue to work with Cost Centre Managers to improve forecasting utilising the new FMS and training of managers.

## **5 Corporate Strategy**

5.1 Warwick District Council has adopted a Corporate Strategy which sets three strategic aims for the organisation.

5.2 Delivering valued, sustainable services.

5.3 Low cost, low carbon energy across the district.

5.4 Creating vibrant, safe and healthy communities of the future.

## **6 Environmental/Climate Change Implications**

6.1 WDC has a budget of £500,000 per annum for Climate Change. It is proposed to utilise this in 2024/25 to support a number of priorities within the Climate Change Action programme.

## **7 Analysis of the effects on Equality**

7.1 Not relevant.

## **8 Data Protection**

8.1 Not relevant.

## **9 Health and Wellbeing**

9.1 Not relevant.

## **10 Risk Assessment**

- 10.1 The February Budget report detailed the main financial risks facing the Council. Many of these related to local authority funding, notably Business Rate Retention.
- 10.2 Many controls and mitigations are in place to help manage the financial risks facing the Council. These include:
- 10.2.1 The comprehensive Budget Review process. This entails all budget managers reviewing their budgets on at least a monthly basis, considering previous, current, and future years, along with any possible issues that may impact upon their budgets. As part of this process, regular Budget Review reports are issued to Cabinet and the Senior Leadership Team.
  - 10.2.2 Financial Planning with the MTFS / financial projections, bringing together all issues that will impact on the Council's finances in the medium term.
  - 10.2.3 Financial controls, including the Codes of Financial and Procurement Practice, system controls, reconciliations, audit (internal and external).
  - 10.2.4 Project Management and associated controls.
  - 10.2.5 Trained staff and access to appropriate professional advice (e.g. Legal).
  - 10.2.6 Implementation and continued development of the new Financial Management System.
  - 10.2.7 Risk Management process across the Council, including the on-going review and maintenance of risk registers.
  - 10.2.8 Scrutiny by members of the Council's finances, including Budget Reports, and the financial implications of all proposals.
  - 10.2.9 Reserves – The Council holds a number of reserves, with each being allocated for specific purposes. Whilst much of these reserves have already been earmarked for agreed projects, it is important that reserves are held for any unforeseen demands. The Business Rate Retention Volatility Reserve (BRRVR) was used over prior years to deliver a balanced budget. However, to ensure this reserve remains available for its primary purpose of smoothing business rate receipts, any overperformance above a £2m balance has been reallocated to the General Fund Volatility Reserve. The General Fund Balance is available to accommodate any unplanned expenditure, or to make up any shortfall in income. However, the Council should seek to maintain the balance of at least £1.5m.
  - 10.2.10 The specific causes of reductions to income or increased expenditure should continue to be managed by the relevant Service Area as part of managing the risks within each Service Risk Register. Each Service Area's Risk Register is presented to Finance and Audit Scrutiny Committee annually on a rolling basis.

**Background papers:**

Budget setting 2024/25 Report (Cabinet 8 February 2024 – Item 5)

Housing Revenue Account (HRA) Budget 2024/25 and Housing Rent Setting (Cabinet 8 February 2024 – Item 6)

**Supporting documents:**

Appendix 1 – Capital Variations 2024/25.