

# CABINET

7<sup>th</sup> September 2010

## Financial Management Report 2010/11 Quarter 1

### Report of the Director of Corporate Services

STRATEGIC AIM:	To be a well-managed organisation		
KEY DECISION	YES	DATE ITEM FIRST APPEARED ON FORWARD PLAN	April 2010

#### 1. PURPOSE OF THE REPORT

- 1.1 To inform Cabinet of how the Council is performing against its revenue and capital budgets and report a forecast outturn position as at the 30 June 2010.

#### 2. RECOMMENDATIONS

- 2.1 Cabinet note the forecast outturn position for the revenue and capital budgets.
- 2.2 Directors be instructed to submit to Cabinet at its next meeting robust action plans outlining proposals to address the forecast revenue overspends contained within Appendix A to this report.
- 2.3 Cabinet approve the reductions to budgets for the in year savings identified in Appendix A, and a corresponding transfer to general reserves:

ASSHH	(£206,000)
CYPS	(£133,000)
H&T	(£19,400)
Corporate	<u>(£39,200)</u>
Total	(£397,600) to be transferred to general reserves.

- 2.4 Cabinet note the virements authorised by the Director of Corporate Services under delegated powers during the quarter.
- 2.5 Cabinet approve the virements as set out in paragraph 4.8.
- 2.6 Cabinet note the changes in the Area Based Grant allocation for the year.

- 2.7 Cabinet approve using the £176,000 un-ringfenced grant allocation from Department for Transport to mitigate the impact of the reduction of ABG in year.

### 3. REASONS FOR THE RECOMMENDATIONS

- 3.1 To enable Members to maintain sound financial management of the Council's operations.

### 4. REVENUE POSITION

- 4.1 The following table sets out the Council's overall revenue position as at 30 June 2010.

Portfolio	Revised Budget £000	Forecast Outturn £000	Forecast Year End Variance £000
Adult Social Care, Health & Housing	8,709	8,951	242
Children & Young People's Services	4,541	4,958	417
Highways and Transportation	5,663	5,745	82
Regulatory Services	3,241	3,234	(7)
Corporate	4,654	4,727	73
Development	2,262	2,651	389
<b>Net Cost of services</b>	<b>29,070</b>	<b>30,266</b>	<b>1,196</b>
Capital Financing	2,462	1,978	(484)
Interest Receivable	(136)	(90)	46
<b>Net Operating Expenditure</b>	<b>31,396</b>	<b>32,154</b>	<b>758</b>
<b>Resources</b>			
Area Based Grant	(3,288)	(3,288)	0
RSG	(978)	(978)	0
NNDR	(6,738)	(6,738)	0
Council Tax	(20,782)	(20,782)	0
Collection fund surplus	(76)	(76)	0
Budgeted Transfer to general fund	205	205	0
Transfer to general fund to reflect in year budget reductions	398	398	0
Transfer from earmarked reserves	0	(524)	(524)
<b>Net spending</b>	<b>137</b>	<b>371</b>	<b>234</b>
<b>General Fund 1 April 2010</b>	<b>(2,258)</b>	<b>(2,258)</b>	<b>0</b>
<b>General Fund 31 March 2011</b>	<b>(2,724)</b>	<b>(2,490)</b>	<b>(234)</b>

4.2 Capital Financing – A significant underspend is forecast as a result of:

- Lower than budgeted interest payable as no borrowing has yet been undertaken in respect of Catmose Campus;
- A reduction in the minimum revenue provision charge as a result of using capital receipts to reduce the borrowing requirement in 2009/10.

4.3 Interest Receivable – a shortfall of £46,000 is forecast due to the low rates of interest we are currently able to earn on investments.

4.4 The overall position shows a total variation of £234,000 on services (£758,000 less transfers from earmarked reserves of £524,000). Detailed explanation of the variations outlined above is contained in the Directorate Summaries at Appendix A.

4.5 The Council's Area Based Grant (ABG) allocation has been revised since the budget was approved in February. In addition a number of specific grants have had the ring-fence removed resulting in them being transferred from the directorate budgets into ABG. The following table summarises these changes:

	<b>£000</b>
ABG included in approved budget	(2,913)
Additional allocation for repair of roads (potholes) (see 4.6)	(176)
Reduction announced as part of emergency budget	337
Transfer of unringfenced grants from directorate budgets	(536)
<b>ABG as reported at the end of Q1</b>	<b>3,288</b>

4.6 The Council has been allocated £176,000 in year by the Department for Transport for the repair of roads. The letter confirming this allocation is attached as Appendix C to this report. Information from CLG confirms that this grant is not ring-fenced therefore Cabinet could choose not to increase the highways budget and use the grant to mitigate the impact of the reduced ABG for the year. The table at 4.1 assumes this is the case.

4.7 A number of in year savings have been proposed by directorates. The detail of these is contained in Appendix A.

4.8 The Council's Financial Regulations give the Director of Corporate Services delegated authority to approved budget virements less than £25,000. A schedule of the virements that have been approved during the quarter is shown at Appendix B. Cabinet is asked to consider the following virements in excess of £25,000 (both from CYPS):

- £35,400 from Young Apprenticeship Programme to Children's Rights – Children's Rights can no longer be funded from Surestart grant. This virement will transfer portfolio budget from Young Apprenticeship to cover the costs of the Children's Rights Officers (2x0.5fte);
- £45,700 from Children's Social Care Staffing to Safeguarding Management - funding for Social Care Team Leader to be used to create new Head of Service post.

## 5. CAPITAL PROGRAMME

5.1 The following table sets out the position against the Capital Programme as at 30 June 2010.

<b>Portfolio</b>	<b>Latest Approved Budget £000</b>	<b>Forecast outturn £000</b>	<b>Variance £000</b>
Adult Social Care, Health & Housing	320	0	(320)
Children & Young People's Services	5,875	1,333	(4,542)
Highways and Transportation	1,319	1,297	(22)
Regulatory Services	550	550	0
Corporate	53	53	0
Development	26,349	26,349	0
<b>Total</b>	<b>34,466</b>	<b>29,852</b>	<b>(4,884)</b>

5.2 The most significant variances within the capital programme are summarised below:

- 14 -19 Rural Capital Funding – confirmation that the allocation for 2010/11 is secure has not yet been received therefore expenditure plans have not been developed;
- Targeted Capital Fund – this has been earmarked for Post 16 but detailed plans are not yet in place and it is unclear how much will be spent in 2010/11. This budget will be reduced by up to £364k to reflect the reduction in the capital grant announced as part of the Government's emergency budget;
- ASSHH – a number of grants have been provisionally earmarked to meet the IT requirements arising from the Better by Design project. Detailed plans are being produced and will be presented to Cabinet in due course.

5.3 Detailed explanations of the variations within each directorate are contained within Appendix A.

5.4 Cabinet previously agreed that post completion reports would be produced for all completed capital schemes greater than £50,000. These will be presented to Cabinet as the outcome of schemes is known.

## 5. RISK MANAGEMENT

<b>RISK</b>	<b>IMPACT</b>	<b>COMMENTS</b>
<b>Time</b>	<b>Medium</b>	<b>In the current financial climate it is desirable that action to address forecasts is approved and taken early in the financial year.</b>
<b>Viability</b>	<b>Not relevant</b>	
<b>Finance</b>	<b>High</b>	<b>It is vital that Cabinet are advised regularly and in a timely manner of the position in relation to revenue and capital.</b>
<b>Profile</b>	<b>High</b>	<b>The financial position of the Authority is high profile at the current time.</b>
<b>Equality and Diversity</b>	<b>Low</b>	<b>None identified.</b>

**Background Papers**  
Revenue Budget 2010/11  
Capital Programme 2010/11

**Report Author**  
Debbie Muddimer

Tel No: (01572) 722577  
e-mail: [enquiries@rutland.gov.uk](mailto:enquiries@rutland.gov.uk)

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.