

CABINET

14th December 2010

Financial Management Report 2010/11 Quarter 2

Report of the Strategic Director for Resources

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

1. PURPOSE OF THE REPORT

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

2. RECOMMENDATIONS

- 2.1 **Cabinet note the forecast outturn position for the revenue and capital budgets**
- 2.2 **Directors be requested to submit to Cabinet robust action plans outlining proposals to address the revenue overspends contained within the report**
- 2.3 **Cabinet approve the reductions to budgets for the in year savings identified in Appendix A:**
- | | |
|------------------|-------------------|
| 2.3.1 ASSHH | (£ 8,000) |
| 2.3.2 CYPs | (£113,800) |
| 2.3.3 Regulatory | (£ 34,000) |
| 2.3.4 Corporate | <u>(£ 15,000)</u> |
| Total | (£170,800) |
- 2.4 **Cabinet note the virement authorised by the Strategic Director for Resources under delegated powers during the quarter.**

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 September 2010.

Portfolio	Latest Approved Budget £000	Qtr 1 Forecast £000	Qtr 2 Forecast £000	Variance £000
Adult Social Care, Health & Housing	8,701	8,951	8,774	73
Children & Young Peoples Services	4,457	4,958	4,818	361
Highways and Transportation	5,663	5,745	5,788	125
Regulatory Services	3,192	3,234	3,131	(61)
Corporate	4,654	4,727	4,964	310
Development	2,262	2,651	2,537	275
Restructure Costs	0	0	231	231
Net Cost of services	28,929	30,266	30,243	1,314
Capital Financing	2,462	1,978	1,978	(484)
Interest Receivable	(136)	(90)	(90)	46
Net Operating Expenditure	31,255	32,154	32,131	876
Resources				
Area Based Grant	(3,189)	(3,288)	(3,189)	0
RSG	(978)	(978)	(978)	0
NNDR	(6,738)	(6,738)	(6,738)	0
Council Tax	(20,782)	(20,782)	(20,782)	0
Collection fund surplus	(76)	(76)	(76)	0
Transfer from earmarked reserves	0	(524)	(696)	(696)
Net spending	(508)	(232)	(328)	180
General Fund 1 April 2010	(2,258)	(2,258)	(2,258)	0
General Fund 31 March 2011	(2,766)	(2,490)	(2,586)	180

4.2 Restructuring Costs – one-off costs relating to redundancy will be funded from the Invest to Save reserve.

4.3 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.

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

4.5 The overall position shows a total variation of £876,000 on services (of which transfers from earmarked reserves total £696,000), leaving a net variation of £180,000 which is 0.6% of net operating expenditure. Detailed explanation of the variations outlined above is outlined in the Directorate Summaries at Appendix A. This is a reduction of £19,000 on the General Fund balance forecast as at 31/03/11 compared to the last reported Medium Term Financial Plan (report 111/2010 Cabinet 18/05/10).

4.6 At Quarter 1, Cabinet was asked to consider a recommendation to utilise a Grant allocation of £176,000 received from DfT to mitigate the impact of the reduced ABG allocation. No recommendation was made as a decision was made to defer the matter. In Quarter 2 the Highways and Transport department has undertaken maintenance work totalling £150k on the assumption that the unallocated funding would be made available for Pot Hole repairs.

4.7 The Council's Financial Regulations give the Director of Corporate Services delegated authority to approved budget virements less than £25,000. The only virement of significance in Qtr 2 was for the transfer of IT Planning Support from Regulatory Services to Corporate Services for £15,700.

4.8 The following projects will be funded by transfer from Earmarked Reserves:

Invest to Save Reserve:	
Restructure Costs	£231,100
Fostering Development	£ 32,200
Call Connect	£ 31,000
Parking P&D Machines	£ 35,000
IFRS Implementation	£ 20,000
IGNITE	£ 64,000
Ashwell Business Units	£ 17,400
RCC Website	£ 26,100
Catmose Sports & Swimming	£ 54,800
Access to Services	<u>£ 7,200</u>
Invest to Save Total	£518,800
Planning Delivery Grant Reserve:	£177,200
Total Funding from Earmarked Reserves	<u>£696,000</u>

5. CAPITAL PROGRAMME

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

Portfolio	Original Approved Budget £000	Revised Budget £000	Qtr 1 Forecast £000	Qtr 2 Forecast £000	Variance £000
Adult Social Care, Health & Housing	672	320	0	54	(266)
Children & Young Peoples Services	5,876	5,371	1,333	1,535	(3,836)
Highways and Transportation	1,319	1,319	1,297	914	(405)
Regulatory Services	198	550	550	441	(109)
Corporate	0	53	53	53	0
Development	25,723	21,593	26,349	21,600	7
Total Capital Programme	33,788	29,206	29,582	24,597	(4,609)
Funded by:					
Govt Grants	(23,182)	(21,666)	(22,912)	(18,162)	3,504
Contributions	0	0			
Revenue	0	(7)	(7)	(7)	0
Capital Receipts	(4,739)	(4,715)	(4,715)	(4,715)	0
Supported Borrowing	(1,602)	(1,047)	(1,047)	(1,047)	0
Unsupported Borrowing	(4,265)	(1,771)	(901)	(666)	1,105

5.2 Central Government have cut some of the Grant funding for Capital Projects. The Capital Programme has been amended to reflect the reduction in funding. Details of the grant reductions are highlighted in the Directorate Summaries at Appendix A.

5.3 Detailed explanation of the variations outlined above is outlined in the Directorate Summaries at Appendix A.

6. RISK MANAGEMENT

RISK	IMPACT	COMMENTS
Time	Medium	It is essential that this information is reported to Cabinet on a timely basis
Viability	Not relevant	
Finance	High	It is vital that Cabinet are advised regularly and in a timely manner of the position in relation to revenue and capital.
Profile	High	The financial position of the Authority is high profile at the current time
Equality and Diversity	Low	Equality Impact Assessment completed, there are no particular issues in this area.

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

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