

CABINET

15th March 2011

Financial Management Report 2010/11 Quarter 3

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	December 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 31 December 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 **Regulatory (€34,000)**

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 31 December 2010.

Portfolio	Latest Approved Budget £000	Qtr 1 Forecast Outturn £000	Qtr 2 Forecast Outturn £000	Qtr 3 Forecast Outturn £000	Forecast Outturn Variance £000
Adult Social Care, Health & Housing	8,701	8,951	8,774	8,108	(594)
Children & Young Peoples Services	4,457	4,958	4,818	4,621	164
Highways and Transportation	5,663	5,745	5,788	5,802	139
Regulatory Services	3,158	3,234	3,131	3,126	(32)
Corporate	4,654	4,727	4,964	4,931	277
Development	2,262	2,651	2,537	2,482	220
Restructure Costs	0	0	231	367	367
Net Cost of services	28,895	30,266	30,243	29,436	541
Capital Financing	2,462	1,978	1,978	1,978	(484)
Interest Receivable	(136)	(90)	(90)	(111)	25
Net Operating Expenditure	31,221	32,154	32,131	31,303	82
Resources					
Area Based Grant	(3,189)	(3,288)	(3,189)	(3,189)	0
RSG	(978)	(978)	(978)	(978)	0
NNDR	(6,738)	(6,738)	(6,738)	(6,738)	0
Council Tax	(20,782)	(20,782)	(20,782)	(20,782)	0
Collection fund surplus	(76)	(76)	(76)	(76)	0
Transfer from earmarked reserves	0	(524)	(696)	(836)	836
Net spending	(542)	(232)	(328)	(1,296)	(754)
General Fund 1 April 2010	(2,258)	(2,258)	(2,258)	(2,258)	0
General Fund 31 March 2011	(2,800)	(2,490)	(2,586)	(3,554)	(754)

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

- **Capital Financing** – A significant underspend is forecast as a result of 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 – an overspend of £25,000 is forecast due to the low rates of interest we are currently able to earn on investments, however the rates have increased marginally since the Q2 forecast which has reduced the current forecast overspend.

4.4 The overall position shows a total forecast variation of £82,000 on services. Transfers from earmarked reserves total £836,000, leaving a net under spend of £754,000 equivalent to 2.5% of net operating expenditure. Detailed explanation of the variations outlined above is outlined in the Directorate Summaries at Appendix A.

4.5 The net spending position forecast at Q3 has reduced to (£1.296m) from (£0.328m) at Q2, a reduction of £968,000. This is due to a number of factors which are detailed in the Appendix A, which include:

- Receipt of outstanding debt relating to Learning Disability cases
- In year salary savings resulting from the ongoing restructure
- Use of grant to fund costs previously being core funded

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

Invest to Save Reserve:

Restructure Costs	£366,800
Fostering Development	£ 32,200
Call Connect	£ 31,000
Parking P&D Machines	£ 35,000
IFRS Implementation	£ 20,000
Foundations of Management (Training)	£ 50,000
Ashwell Business Units	£ 17,400
Website Development	£ 26,100
Catmose Sports & Swimming	£ 54,800
Access to Services	£ 7,200
Invest to Save Total	<u>£640,500</u>

Planning Delivery Grant Reserve: £195,500

Total Funding from Earmarked Reserves **£836,000**

5. CAPITAL PROGRAMME

5.1 The following table sets out the position against the Capital Programme as at 31 December 2010.

Portfolio	Revised Budget £000	Qtr 1 Forecast £000	Qtr 2 Forecast £000	Qtr 3 Forecast £000	Variance £000
Adult Social Care, Health & Housing	320	0	54	54	(266)
Children & Young Peoples Services	1,933	1,333	1,535	1,535	(398)
Highways and Transportation	1,319	1,297	914	842	(477)
Regulatory Services	550	550	441	441	(109)
Corporate	53	53	53	53	0
Development	23,043	26,349	21,600	23,050	7
Total Capital Programme	27,218	29,582	24,597	25,975	(1,243)
Funded by:					
Govt Grants	(19,237)	(22,912)	(18,162)	(18,639)	598
Revenue	(0)	(7)	(7)	(7)	(7)
Capital Receipts	(4,739)	(4,715)	(4,715)	(4,715)	24
Supported Borrowing	(1,655)	(1,047)	(1,047)	(1,100)	555
Unsupported Borrowing	(1,587)	(901)	(666)	(1,514)	73

5.2 Central Government has 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	Initial 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.