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Rutland County Council

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Meeting: **PEOPLE (ADULTS & HEALTH) SCRUTINY PANEL**

Date and Time: **Thursday, 3 December 2015 at 7.00 pm**

Venue: **COUNCIL CHAMBER, CATMOSE, OAKHAM,
RUTLAND, LE15 6HP**

Clerk to the Panel: **Corporate Support 01572 758311
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Helen Briggs
Chief Executive

A G E N D A

8) QUARTER 2 FINANCE MANAGEMENT REPORT

To receive Report No. 206/2015 from the Director of Resources

(Previously circulated under separate cover)
(Pages 3 - 58)

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**TO: ELECTED MEMBERS OF THE PEOPLE (ADULTS & HEALTH) SCRUTINY
PANEL**

Mrs L Stephenson (Chairman)

Miss R Burkitt
Mr W Cross
Mr A Mann
Mr A Stewart
Mr A Walters

Mr G Conde
Mr R Gale
Mr C Parsons
Miss G Waller

OTHER MEMBERS FOR INFORMATION

CABINET

17 November 2015

QUARTER 2 FINANCIAL MANAGEMENT REPORT

Report of the Director for Resources

Strategic Aim:	<i>Delivering Council Services within the Medium Term Financial Plan (MTFP)</i>		
Key Decision: Yes		Forward Plan Reference: FP/310715/03	
If not on Forward Plan:	Chief Executive Approved	N/A	
	Scrutiny Chair Approved	N/A	
Reason for Urgency:	N/A		
Exempt Information	No		
Cabinet Member(s) Responsible:	Councillor Terry King, Portfolio Holder for Resources		
Contact Officer(s):	Debbie Mogg, Director for Resources	Tel: 01572 758358 dmogg@rutland.gov.uk	
	Saverio Della Rocca, Assistant Director - Finance	Tel: 01572 758159 sdrocca@rutland.gov.uk	
Ward Councillors	N/A		

DECISION RECOMMENDATIONS

That Cabinet:

1. Note the 2015/16 revenue and capital outturn position as at Quarter 2.
2. Note the proposed transfers from earmarked reserves as shown in the table at Appendix 1, para 1.44 (to be finalised and agreed in the 2015/16 outturn).
3. Note that there are a number of functions which are forecast to be £25k overspent (highlighted in Appendices 4 to 6) but these forecast over spends can currently be contained within overall Directorate budgets.
4. Note that there is one function (Homecare) which is forecast to be in excess of £100k over budget but this can be contained within the overall Directorate budget as set out in Appendix 7.
5. Note that the MTFP includes the Highways saving previously agreed by Cabinet and that work is ongoing to identify further savings and pressures for the future.

6. Note that some Care Act pressures built into the MTFP for 16/17 and beyond can be removed.
7. Approve a £25k investment into school improvement from General Fund resources as set out in Appendix 3B.
8. Approve a sum of £75k for market supplements for social workers for inclusion in the MTFP for 2016/17 onwards as set out in Appendix 3B.
9. Recommend to Council that £812k of the Oakham North contribution from Larkfleet is used to fund decisions already made as per para 2.12 – 2.15 of Appendix 1.
10. Note that the MTFP has been updated since Q1 to reflect various changes as set out in para 3.2 of Appendix 1.

1 PURPOSE OF THE REPORT

- 1.1 To inform Cabinet and all Members of the full year forecast position as at Quarter 2 for 2015/16 and to alert them to issues that may impact on the Medium Term Financial Plan to enable them to maintain sound financial management of the Council's operations.

2 BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 The Council approved its 2015/16 budget in February 2015. This section provides some answers to questions that Members might ask about the budget.

	Key questions	Comments and where you can find out more
1	Are we on track to achieve overall budget (within a tolerance of 1%)?	<p>The Q1 forecast revenue position is favourable in that the Council is forecasting a surplus of £415k compared to a budgeted deficit of £610k. Whilst the position looks favourable, there are inevitably a number of important factors on the horizon that could impact this position favourably or adversely. Appendix 1 para 1.7 gives more detail. The Council will keep these issues under review.</p> <p>The budget is split into functions within directorates. The financial performance of each function is shown in summary in Appendix 4 to 6. Further detail can be obtained in detailed workbooks via the Council website.</p> <p>http://www.rutland.gov.uk/council_and_democracy/council_budgets_and_spending.aspx</p>
2	What changes have we made to the budget since it was approved?	Since Q1 budget was approved various changes have been made. These are itemised in Appendix 2A.

	Key questions	Comments and where you can find out more
3	Have we got any functions forecast to be overspent by £25k?	Yes, in total 7 out of 74 (4 out of 74 at Q1). There is one in excess of £100k (Homecare). A detailed explanation is given in Appendix 7. Forecast over spends are currently contained with Directorate budgets.
4	Have we got any functions forecast to be underspent by £25k?	Yes, in total 17 out of 74 (15 out of 74 at Q1). Directors review of potential savings that can be carried forward to future years is ongoing.
5	Will we achieve savings built into the budget?	Yes, the budget included service pressure savings of £786k and £300k for PeopleFirst savings. As at Q2 (para 1.34), the Council is on target to achieve savings of £763k of the service pressure savings (para 1.35). The progress against the £300k PeopleFirst savings targets is that £283k has been included with Directorate budgets (para 1.36).
6	Are there new pressures emerging?	Yes, but pressures quantified can be contained within overall budget. Para 1.46 refers to potential pressures on the horizon for next years budget.
7	Are we on track to achieve the overall capital budget?	Yes, para 2.1 of Appendix 1 gives more detail.
8	Are there significant delays on any projects?	No – but the roll out of Digital Rutland project is deferred until 2016/17. Appendix E of the Q2 Performance Report gives more detail.
9	Are there changes to the approved capital programme?	Yes, there has been some reprofiling of the capital programme and other additions. Para 2.4 in Appendix 1 gives a full breakdown of changes.
10	Have there been changes to the MTFP?	The MTFP has been updated since Q1. A full list of all changes is included in 3.2 in Appendix 1. The updates and in particular the Highways savings of c£330k pa and housing growth have had a positive impact of over £3m on predicted balances.
11	Are we on track to receive our budgeted amount for New Homes Bonus (NHB) for 2016/17?	Yes, the target for 2016/17 has been exceeded (paras 3.3 – 3.5 of Appendix 1 give details).
12	Are we on target to achieve the Government estimate on Business Rates retention?	Yes, performance is in line with MTFP expectations. To date there have been no significant appeals lost resulting in a loss of business rates income.

	Key questions	Comments and where you can find out more
13	Is the cost of the Local Council Tax Scheme (LCTS) within budget?	Yes, the LCTS scheme remains under budget (para 3.11 of Appendix 1 gives details).
14	Are we recovering our debts?	Yes, the debt level is down from the year end.

3 CONSULTATION

- 3.1 Formal consultation is not required for any decisions being sought in this report. Internal consultation has been undertaken with officers to assess whether savings and pressures built into the budget may still be needed in 2016/17.

4 ALTERNATIVE OPTIONS

- 4.1 Cabinet is being asked to approve one change to the 2015/16 budget to match fund a £25k investment into school improvement from DSG (Dedicated Schools Grant) with £25k of General Fund resources. Cabinet could choose to reject this request but this may slow down the progress in improving school performance. Details of the request are set out in Appendix 3B (3.1).
- 4.2 Alongside this change, Cabinet are asked to approve market supplements for social workers as a means of facilitating their recruitment and retention and avoiding the need for high cost agency or interim workers. A sum of £75k is requested for inclusion in the MTFP for 2016/17 onwards. Details are set out in Appendix 3B (3.2). Cabinet could refuse this request or defer this decision until the 2016/17 budget is set.
- 4.3 The Council has now signed an agreement with Larkfleet regarding the Oakham North development totalling £4.8 (net of indexation). Council is asked to apply £812k of this funding to various schemes e.g. Adult Soccer (as set out in para 2.15 of Appendix 1). Council could choose to reduce its capital financing costs for those schemes already completed by applying a contribution to offset its capital financing requirement and fund existing schemes via revenue or other available capital balances. Should the Council decide to use revenue balances, there would be an ongoing revenue cost (currently not in the MTFP) of c£35k pa for the next 25 years. As the Council always intended that these schemes would be funded from s106 (should it be received) then applying the Oakham North contribution is consistent with that intention.

5 FINANCIAL IMPLICATIONS

- 5.1 The report highlights the impact of the forecast on the MTFP. The General Fund balances for 2015/16 will increase by c£1.024m above that budgeted based on current forecasts and the approval of school improvement funding.

6 LEGAL AND GOVERNANCE CONSIDERATIONS

- 6.1 Where Directors wish to increase a functional budget by over £100k OR they anticipate that the overall Directorate budget is likely to be overspent (there is no de-minimis level) they must seek approval in advance from Cabinet or Council for

a virement to cover any increase. There is one function that falls into this category but no specific request has been made because the overspend can be contained within the overall directorate budget and some functional budgets may need to be rebased due to the introduction of functional budgets (Appendix 7 explains in more detail).

6.2 There are no legal implications arising from this report.

7 EQUALITY IMPACT ASSESSMENT

7.1 Equality Impact Assessment (EqIA) screening has been completed. No adverse or other significant issues were found.

8 COMMUNITY SAFETY IMPLICATIONS

8.1 There are no community safety implications.

9 HEALTH AND WELLBEING IMPLICATIONS

9.1 There are no health and wellbeing implications.

10 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

10.1 As the Council is required to make savings over the medium term, the Q2 continues to be positive with the Council under budget.

11 BACKGROUND PAPERS

None

12 APPENDICES

Appendix 1	Quarterly Monitoring Report
Appendix 2A	Approved Budget Changes
Appendix 2B	Virements
Appendix 3A	Reconciliation of Directorate Budgets
Appendix 3B	Requests for new investment
Appendix 4	Peoples Directorate
Appendix 5	Places Directorate
Appendix 6	Resources Directorate
Appendix 7	Variances over £100k
Appendix 8	Capital
Appendix 9:	MTFP

A Large Print or Braille Version of this Report is available upon request –
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Rutland County Council

Quarterly Monitoring Report 2015 - 16



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1. Revenue Monitoring

A The Budget – what is the current budget?

- 1.1 The current budget is that approved by Council/Cabinet as shown in the Quarter 1 Financial Management Report on 18th August 2015 (report No. 153/2015) and subsequently amended following changes made by Cabinet/Council as set out in Appendix 2A and summarised in the table below.

Reconciliation of approved budget to current budget	£000	£000
Approved Net Cost of Services (153/2015)		34,286
Changes already approved (as listed in Appendix 2A)		181
Changes proposed requiring Cabinet Approval (as listed in Appendix 3B)		25
New Net Cost of Services (subject to approval)		34,492
Approved (Surplus)/Deficit (153/2015)	525	
Changes already approved (as listed in Appendix 2A)	60	
Changes proposed requiring Cabinet Approval (as listed in Appendix 3B)	25	
New (Surplus)/Deficit (subject to approval)	610	

- 1.2 The People First savings target for 2015/16 was £300k. £200k of this saving was identified for Public Health to achieve and at Q1 it was reported that due to contractual issues, Public Health would require 2 years for the reductions in existing spend to be realised. Therefore this saving cannot be achieved until 2017/18 but to mitigate the impact on the general fund deficit for 2015/16 and 2016/17, it has been agreed to transfer the necessary funds from the Public Health earmarked reserve. The transfer of £200k offsets the increase in Net Cost of Services.

B Overall Position – are we on track to achieve budget?

- 1.3 The table in para 1.6 sets out the Council's forecast revenue outturn for 31 March 2016 as at the end of September (Quarter 2). The Council's forecast is a surplus of £415k compared to the current budget deficit of £610k and the forecast budget deficit of £82k as reported at the end of June. This is a favourable position in light of the Medium Term Financial Plan requirement for savings to be made and future funding uncertainty.
- 1.4 The position is better than that reported at Q1 by £497k because of various factors:

- A £250k Highways saving approved by Cabinet (154/2015) which was not included in Q1;
- An increase in investment income from better interest rates and an additional dividend received of £40k from the Heritable bank;
- Extra grant income of £127k - Independent Living Fund (£54k), New Burdens Property Searches (48k) plus a number of other smaller grants (£25k);
- A net movement on transfer from reserves/revenue contributions to capital of £157k. This arises from an additional £300k transfer to reserves (e.g. Winter Pressures, Better Care Fund, Website development and Transport Review) less a transfer from reserve for public health of £200k. There is also an additional revenue contribution to capital of £60k for the repair of the museum boiler;
- The Capital Financing is showing a favourable position (£123k) reflecting the agreed outturn on the 2014/15 capital programme and the repayment of the £597k relating to Adult Soccer; and
- The remainder relates to a net £112k of favourable forecast movements on budgets compared to that reported at Q1.

1.5 Against its budget, the Council is in overall terms £1,024k under budget. The movement on highways, investment income, capital financing and grants explains a substantial part. The remainder relates to a net £482k of under spends on Directorate budgets that will not be requested as budget carry forwards.

1.6 The Revenue budget position at Q2 is as follows:

	Approved Budget	Revised Budget	Q1 Forecast Outturn	Q2 Forecast Outturn	Latest Forecast Year End Variance
	£000	£000	£000	£000	£000
People	15,651	15,980	15,904	15,634	(346)
Places	12,369	12,385	12,396	12,156	(229)
Resources	5,714	5,694	5,491	5,445	(249)
Directorate Totals	33,734	34,060	33,790	33,235	(824)
Fire Authority	75	0	0	0	0
Better Care Fund Contingency	0	200	200	200	0
Highways Saving	0	250	0	0	(250)
People First Saving	(300)	(17)	(200)	0	17
Net Cost of Services	33,509	34,492	33,790	33,435	(1,057)
Capital Financing	2,020	2,020	2,020	1,897	(123)

	Approved Budget	Revised Budget	Q1 Forecast Outturn	Q2 Forecast Outturn	Latest Forecast Year End Variance
	£000	£000	£000	£000	£000
Interest Receivable	(116)	(116)	(176)	(225)	(109)
Net Operating Expenditure	35,412	36,396	35,633	35,107	(1,289)
Financing	(32,696)	(32,776)	(32,796)	(32,924)	(148)
Transfers to/(from) reserves	(1,167)	(1,676)	(1,586)	(1,263)	413
Revenue contributions to capital	880	520	686	520	0
Appropriations	(1,855)	(1,855)	(1,855)	(1,855)	0
(Surplus)/Deficit	575	610	82	(415)	(1,024)
General Fund 1 April 2015	(9,227)	(9,675)	(9,675)	(9,675)	0
General Fund 31 March 2016	(8,652)	(9,065)	(9,593)	(10,090)	(1,024)

1.7 Whilst the overall position is favourable, there are a number of issues and factors that could change and impact on the final outturn position as follows:

- The Government announcement delaying the introduction of some of the Care Act changes has been reviewed and the impact assessed for both 2015/16 and for future years (para 1.42 to 1.44 gives further detail). Recent Government announcements would suggest that for 2015/16 no clawback of funding will occur, however this is still uncertain;
- The budget includes a Better Care Together/Better Care Fund contingency of £200k. It is still uncertain as to whether this is required. As this funding is earmarked for Adult Social Care, any unused funds will be transferred to earmarked reserves for future use;
- There are a significant number of volatile and demand led budgets and there have been fluctuations between Q1 and Q2 due to activity changes. These budgets are difficult to predict. For example, the social care budgets are impacted not only by caseload, but also the complexity of care packages, the extent to which individuals have to contribute towards the cost of their care and whether Continuing Health Care (CHC) funding is available; and
- Within the Directorate forecasts, there are still posts covered by Interim/Agency staff where recruitment is taking place. The outcome of recruitment activity could have an impact on the forecast.

C Directorate spend – what's the latest position at directorate level?

- 1.8 At Q1 due to the move to functional budgets and the impact this had on certain areas of the People Directorate budget, it was agreed that as part of Q2 the Finance team would work with the People Directorate to rebase some of the functional budgets if this was required in preparation for 2016/17 budget setting. This rebasing exercise has taken place and will be used to support the setting of the 2016/17 budget for the People Directorate.
- 1.9 Directorate budgets have been updated in the quarter to reflect any adjustments as detailed in Appendix 3A. Directorate budgets do not include any support service budgets. The support service recharge budgets will be allocated to services at the year-end in line with the actual costs for support services. This enables Members to monitor any over or under spends on support services throughout the year.
- 1.10 A full analysis of Directorate performance in respect of each function is provided in the accompanying Budget Excel file which is available on the Council website at:

http://www.rutland.gov.uk/council_and_democracy/council_budgets_and_spending.aspx

People Directorate

- 1.11 The People Directorate budget has been revised in the quarter from £15,979k to £15,980k. Some of the changes are between functions e.g. Learning Disability Vehicles have transferred from People Directorate to Places Directorate. Other key changes are as follows:
- Adults and Health (Ringfenced) budget has increased by £200k which is being funded from the Public Health Earmarked Reserve and therefore does not impact on the General Fund; and
 - Adults and Health (Non Ringfenced) budget has been decreased by £195k, being £133k of People First savings and £62k of services transferred to other Directorates.
- 1.12 In overall terms, the People Directorate is under budget by £346k. There are however some big variances as shown in Appendix 4. Some of the variances only exist because the budget has not been rebased as explained in para 1.8. If the budget had been rebased the key variances to budget are as follows:
- An under spend on the Better Care Fund of £75k which will be transferred to reserves;
 - An under spend on staffing budgets within Adults and Health (non Ringfenced) of £213k due to vacancies; and

- An over spend on Childrens staffing of £3k due to use of agency staff to cover vacant posts and long term sickness.

1.13 Members trying to track how spending has moved from the first to second quarter may find it difficult with the budget having changed (in areas where there is no change, the quarter 1 and 2 figures are comparable).

1.14 The following table explains how the forecast of £15,634k (Q2) compares to £15,904k at Q1 by taking the Q1 forecast and creating an expectation for Q2 which can then be compared against the actual Q2 forecast.

Area	Amount	Comments
Q1 Forecast	£15,904k	
People First (Public Health) Saving	(£60k)	As part of the People First savings, it has been agreed to use £200k of Public Health resources to fund initiatives currently funded outside public health. Services that can be funded this way have now been agreed by the Director of Public Health and Director for People and the transfer of these services has now been implemented. For People Directorate, they are as follows: £17k contribution towards the cost of Citizen's Advice Bureau contract and £43k Healthy Homes service under supporting independence.
Public Health	£200k	As per para 1.2
Blue Badge	(£28k)	The Blue Badge forecast was included within the People Directorate for Q1 but has since moved to Resources.
Vehicles	(£34k)	The Learning Disability Vehicles were included within the People Directorate for Q1 but are in Places at Q2.
Youth Housing Project	(£19k)	The transfer of £19k s106 funding for this project was included within the Q1 forecast but is now not forecast to be used this year.
Q2 expected forecast	£15,963k	
Q2 actual forecast	£15,634k	
Difference	(£329k)	The favourable difference between Q2 expected and actual means that the Directorate is spending less than it envisaged at Q1.
Explanation		
Better Care Fund	(£52k)	Forecast spend has decreased due to delays in recruitment of staff on Crisis Response and

Area	Amount	Comments
		cost of community agents. Any under spend on BCF is ringfenced and will be transferred to reserves at year end.
Non BCF Contract and Procurement	(£40k)	At Q1, it had been assumed that 3 vacant posts within the Contract and Procurement team would be recruited by end of September. Due to the review by the new team manager and the need to assess the requirement for the posts, recruitment has been delayed and it is now forecast that 2 posts will be recruited to in Dec/Jan.
Childrens and Adults Duty Social Care	(£60k)	There has been a high turnover of staff in this area which has resulted in savings as a result of the timing difference between a member of leaving and the recruitment of a suitable replacement.
Non BCF Supporting Independence	(£35k)	The Council assumed the winter pressures funding would be spent at Q1 but due to difficulties in identifying suitable partners for the step up step down scheme the CCG have agreed that the balance of £81k can be carried forward for use in 2016/17. There has been an increase in forecast spend on Reach/Reablement and supporting independence staffing due to use of agency staff to cover vacant posts.
ASC Direct Payments (DPs)	(£109k)	Increase in income as a result of charging Leicestershire County Council for the sitting service (£41k) plus a reduction in anticipated spend on care packages following reviews of numbers of service users likely to receive Carer Support and Physical Disability DP's (£60k)
ASC Residential and Nursing	(£67k)	Since Q1, the number of people in residential care has remained fairly static at 129. However, there has been better use of the block contract for Older People resulting in fewer spot purchases and therefore the forecast spend has decreased. A number of residents in receipt of Continuing Healthcare (CHC) funding have been reviewed by Health and this has led to changes in levels of CHC being received. Service user contributions have also been reviewed and this has led to a decrease in the income forecast.

Area	Amount	Comments
Fostering and Adoption	£40k	Increase in spend as two additional placements since Q1 have taken place, one of which is a costly independent foster agency placement (£77k) offset slightly by vacancy savings.
Childrens Social Care	(£11k)	Vacancy savings offset additional pressures from Agency staff and additional support given to family with 5 children to prevent children being taken into care.
Schools	£25k	The Council has agreed with the Schools Forum to invest resources into school improvement given current performance levels. The budget was set based on an agreement that the General Fund would fund £25k matched by £25k from the DSG and that a further £25k would be released subject to approval.
Social Worker Market Supplements	£44k	Due to issues in recruiting and retaining social workers, it is proposed to pay a market supplement for social workers. For existing staff, the first payment would be in December 2015 and is estimated to cost £44k. (See Appendix 3B)
Other variations	(£64k)	Various minor changes to functions.
	(£329k)	

Summary

- 1.15 Whilst the directorate has a number of overspends which exceed the £25k and one forecast which exceeds £100k, no formal request for budget changes are being made at this time as the overspends are contained within the overall Directorate budget. Whilst the directorate is not formally requesting an increase in funding at this time, Appendix 7 shows the position on Homecare which is £284k overspent.

Resources Directorate

- 1.16 The Resources Directorate is £249k under budget. The budget itself has been revised in the quarter from £5,666k to £5,694k. This is due to the transfer of the Blue Badge function of £28k from People Directorate to Corporate Services within the Resources Directorate.
- 1.17 The key reasons for the under spend is Information Technology (£80k) due to the implementation of the website being deferred; Revenues and Benefits (£75k) due to better than predicted recovery of overpayments of housing benefit; and an underspend in Financial Support (£38k) as

demand for council tax discretionary fund and crisis loans is less than anticipated.

1.18 As noted above, the forecast has changed in the quarter with IT forecasting to be underspent by £80k. This is mainly due to work on the Web Site budgeted at £100k but only £30k of which is likely to be incurred in 2015/16 (£70k underspend is to be requested to be carry forward to fund the remaining works in 2016/17).

1.19 No formal request for budget changes are being made as small overspends can be contained within the overall Directorate budget.

Places Directorate

1.20 The Places Directorate budget has been revised in the quarter from £12,741k to £12,385k. Some of the changes are between functions e.g. budgets amalgamated but the two key changes relate to Public Health and Highways savings (noted in the table below).

1.21 In overall terms, the Places Directorate is under budget by £229k as shown in Appendix 5. Members trying to track how spending has moved from the first to second quarter may find it difficult with the budget having changed. (In areas where there is no change, the quarter 1 and 2 figures are comparable).

1.22 The following table explains how the forecast of £12,156k (Q2) compares to £12,396 at Q1 by taking the Q1 forecast and creating an expectation for Q2 which can then be compared against the actual Q2 forecast.

Area	Amount	Comments
Q1 Forecast	£12,396k	
Highways	(£250k)	The Highways saving of £250k was not included in the Q1 forecast.
Public Health	(£140k)	The transfer of the Public Health Contribution as part of the People First Saving had not been finalised at Q1 and was therefore not in the forecast. The transfers are as follows: £92k Active Recreation; £5k Libraries; £31k Homelessness prevention; £12k Sustainable Transport. All use of Public Health funds have been agreed by the Director of Public Health and Director for People.
Vehicles	£34k	The Learning Disability Vehicles were included within the People Directorate for Q1 but now included in Places.
Q2 expected forecast	£12,040k	
Q2 actual forecast	£12,156k	

Difference	£116k	The adverse difference between Q2 expected and actual means that the Directorate is spending more than it envisaged at Q1.
Explanation		
Waste	£44k	Forecast spend has increased due to an increase in tonnages including an under accrual of 14/15 costs of £23k (total £31k) and increase in repairs and maintenance at Civic Amenity sites (£9k).
Commercial and Industrial Properties	£83k	Increase in expenditure at OEP as a result of building control compliance works - £47k and increased expenditure at Pit Lane due to company surrendering a lease having insufficient funds to cover the full costs of dilapidations. The company has ceased trading and a negotiated settlement of £5k has been reached.
Building Control	£35k	Reductions in expected income due to increased competition in the market place and the settlement of a dispute over a contract in full rather than over the 3 years originally agreed.
Transport Management	(£47k)	At Q1 it was assumed that the grant of £100k received for the Transport Review would be spent in 2015/16. It is now anticipated that only £28k will be spent. Some of this underspend is being offset by a forecast overspend on Travel for Rutland of £25k.
	£116k	

1.23 No formal request for budget change is being made as overspends can be contained within the overall Directorate budget.

D Approvals – in line with Financial Procedure Rules (FPRs), what requests for changes to budget are being made?

1.24 In line with the Financial Procedure Rules para 4.10, Appendix 2B includes a full list of budget virements between functional budgets undertaken by Directors since Q1.

1.25 Where Directors wish to increase a functional budget by over £100k or a budget is expected to be £100k overspent or they anticipate that the overall Directorate budget is likely to be overspent (there is no de-minimis level) they must seek approval in advance from Cabinet or Council for a virement to cover any increase or report retrospectively. This is particularly relevant for demand-led budgets or where the Council has a statutory responsibility to provide a service.

1.26 The table below summarises the overall position at the end of Q1:

Directorate	Within budget?	Ceilings>£25k overspent?	Requests for budget changes?
Places	Yes	No	No
Resources	Yes	No	No
People	Yes	Yes	Yes, Appendix 3B

1.27 In line with the above budget managers are requesting investment in new services as set out in Appendix 3B.

E Fees and charges income – are key income budgets on target?

1.28 The Council collects a significant amount of income in areas such as car parking etc. The latest position, shown below, indicates that the overall income on key budgets will be exceeded:

Income Description	Current Budget £000	Q2 Forecast £000	Variance £000
Charging for Residential Accommodation	869	878	9
Parking Income	486	475	(11)
Rents from Business Units and Business Park	404	459	55
Fairer Charging income	335	259	(76)
Planning Fees	327	450	123
Building Regulations	188	136	(52)
Waste management - Sale of Recyclables	131	127	(4)
Registrars - Births, Marriages etc.	101	125	24
Active Rutland Hub	93	48	(45)
Licensing - Premises, Traders, Events etc.	76	80	4
Total	3,010	3,037	27

1.29 Residential care charging income can be volatile as it is based on caseload and the assessed package. The forecast is based on the current caseload and estimated weeks in care and is broadly on target.

1.30 The reduction in forecast on the Fairer Charging income is due to a combination of a reduction in numbers of individuals contributing higher amounts towards the cost of their care and new starters being assessed as having to make a small or no contribution.

1.31 Planning Fees are exceeding targets due to 5 large Planning Applications being received.

1.32 Building Regulations income has reduced significantly due to increased competition in the market place.

1.33 Active Rutland Hub income forecast has decreased due to the budget being set based on an ambitious business plan for year 1. Under achievement of income targets is mitigated by lower than anticipated running costs.

F Savings – will we achieve budgeted savings?

1.34 The 2015/16 budget includes over £1.086m (service budget savings of £786k (Appendix 6 of Report 39/2015) and £300k for PeopleFirst.

Corporate savings

1.35 All savings had been achieved with the exception of Community Alarms £21k and Welland Procurement £2k. Since then, it has been agreed to fund the Community Alarms contract for 2015/16 from the Better Care Fund and to review the need for the service as part of the 2016/17 budget process.

People First

1.36 The MTFP savings for PeopleFirst were £300k for 2015/16. It is anticipated that these savings will be achieved as shown below (of the £318k a total of £283k has been removed from budgets):

	15/16 £'000	Q1 Position £'000	Q2 Position £'000
Target	300	493	318
Transport	50	81	35
Staffing	125	129	0
Public Health	25	200	200
Service redesign	100	83	83

1.37 Since Q1 there have been two key changes. The Directorate structure is under review and is expected to yield savings when fully implemented although this will depend on the recruitment process and the starting salary (within the grade structure) of new recruits. On this basis, it is uncertain that the structure will yield savings for 2015/16.

1.38 At Q1 the saving reported of £81k was over estimated. The actual saving compared to budget is £35k for 2015/16. This will be achieved through the implementation of a number of initiatives identified as part of the transport review for example bringing 6 SEN routes in house, together with savings created through vacancy management and a reduction in the need to purchase travel tokens this year.

G Pressures – will we achieve budgeted savings?

1.39 Pressures built into service budgets of £3,068k are included within 2015/16 budget (Appendix 6 of report 39/2015). They represent a combination of Care Act, non-Care Act pressures and inclusion of BCF schemes (which are actually funded).

1.40 As reported at Q1 the £25k pressure for the Physiotherapist within the REACH / Reablement Service is now being funded via the Better Care Fund giving a General Fund saving. The budget for 2015/16 has not been adjusted.

Care Act pressures

1.41 As a result of the Government announcement on Friday 17th July postponing three key reforms until April 2020, the Council has reviewed the impact of the delays on the 2015/16 budget. The table below shows the budget allocated and the forecast spend.

	Budget 2015/16 £'000	Q2 Forecast £'000	Variance £'000
Additional Costs:			
Care Act implementation costs	84	83	(1)
Information Development Officer	42	42	0
Website Development for Care Act	30	30	0
Adult Social Care staff increase for self-funders assessments (i)	60	79	19
Adult Social Care staff increase for Carers assessments (ii)	31	31	0
Prison Assessments	68	68	0
Cost of additional 40 Carer support packages (iii)	60	20	(40)
Increase in staffing for Deferred payments and third party top ups (iv)	40	27	(13)
Additional posts Contracts and Procurement (v)	109	24	(85)
Total Expenditure	524	404	(120)

- (i) The budget was increased for staff costs to ensure that the Council would have sufficient resources available to assess self funders who would require an assessment in order for a cap on the cost of their care to be implemented. The budget assumed that one new staff member would be required immediately with a second member of staff being required after 6 months. Whilst this part of the Act has been delayed and therefore additional assessments for self funders has not yet materialised, there has been an increase in assessments as a result of safeguarding and these posts have been filled. It is anticipated that due to changes in working practices and closer working with Health going forward that no additional resources will be required in 2020 when this part of the Act is implemented.

- (ii) The budget was increased to cover the cost of an additional staff member to cover increased assessments for carers. This part of the Act has been implemented and the number of assessments has increased.
- (iii) The budget was increased on the assumption that an increase in numbers of carers being assessed would lead to an increase in care packages. To date, the forecast would suggest that this is unlikely to materialise and this will be reviewed as part of the 2016/17 budget process.
- (iv) The Community Care Finance team staffing structure was strengthened in order to administer the Universal Deferred Payments and increase in financial assessments. The budget allowed for one additional member of staff immediately with a second member of staff being required after 6 months. Whilst there has been an increase in workload for Deferred Payments, the anticipated increase in assessments has not materialised, so only the first post is required long term.
- (v) Additional resources were identified as being required by the Contracts and procurement team as follows: A Quality Assurance post on a permanent basis; a Commissioning & Marketing Development post for 2 years; and, Business Process Officer for 1 year. The team is undergoing a review of its structure and it is anticipated that the requirements will change to one permanent post and one temporary post for 3 years. The request for this change will be considered as part of the 2016/17 budget process but it is assumed at this stage that only two posts will be filled this year from December.

1.42 Based on the above analysis the Council has reviewed its MTFP projections and produced a revised profile taking into account that part of its 2016/17 funding may be withdrawn with reforms delayed (£140k of grant funding relates to early assessments of self-funders and is therefore at risk). The Council also included an additional £100k in 16/17 and a further £100k in 17/18 in the MTFP in anticipation of additional Care Act costs.

1.43 The table below shows the original profile of income and expenditure within the MTFP for 2016/17 onwards against the revised profile.

Original MTFP				
	16/17 £	17/18 £	18/19 £	19/20 £
Care Act Expenditure	413,500	377,300	377,300	377,300
Grants	(294,200)	(294,200)	(294,200)	(294,200)
Net position	119,300	83,100	83,100	83,100
Revised MTFP				
	16/17 £	17/18 £	18/19 £	19/20 £
Care Act expenditure	338,900	338,900	326,900	302,700
Grants	(294,200)	(294,200)	(294,200)	(294,200)
Net position	44,700	44,700	32,700	8,500
Net position (if £140k grant withdrawn)	184,500	184,500	172,500	148,300

H Earmarked Reserves – how are we using reserves?

1.44 The transfers from Earmarked Reserves include transfers specifically to cover service expenditure that would otherwise be funded from the General Fund. The transfers to reserves show amounts included in the 2015/16 budget which managers intend (subject to approval at the year end) to carry forward to 2016/17.

Reserve	Ceiling £'000	Balance @ 1/4/15 £'000	Planned Use 2015/16 £'000	Forecast usage Q2 £'000	Transfers to Reserve £'000	Balance @ 31/3/16 £'000
Invest to Save	500	357	60	60	0	417
Internal Audit	Unlimited	5	0	0	0	5
Planning Delivery Grant	74	74	(35)	(35)	0	39
Welfare Reserve	150	130	(25)	0	13	143
Public Health Grant	Unlimited	559	(200)	(200)	0	359
Better Care Fund	Unlimited	17	0	0	78	95
Training	80	80	0	0	0	80
Social Care	750	999	(618)	(537)	0	462
Travel 4 Rutland	50	50	0	0	0	50
Insurance	200	100	0	0	0	100
Highways	300	297	(63)	(43)	0	254
National Non Domestic Rates	Unlimited	287	(287)	(287)	0	0

Reserve	Ceiling £'000	Balance @ 1/4/15 £'000	Planned Use 2015/16 £'000	Forecast usage Q2 £'000	Transfers to Reserve £'000	Balance @ 31/3/16 £'000
SEN Grant	Limited to Grant Received	170	(63)	(63)	0	107
SEND Grant	Limited to Grant Received	104	0	0	0	104
Digital Rutland	Limited to Funding	292	0	0	47	339
Tourism	Limited to Funding	68	(14)	(16)	0	52
Adoption Reform Grant	Limited to Grant Received	57	0	0	0	57
Budget Carry Forwards		450	(395)	(314)	70	206
Commutated Sums		322	(36)	(36)	0	286
Total Reserves		4,418	(1,676)	(1,471)	208	3,155

I Looking ahead – are there any emerging pressures or issues?

Budget 2016/17

1.45 In Quarter 1, officers were asked to review whether in year savings could be made given the underspend position reported. An under spend in one year does not always mean that the budget can be reduced in future for two reasons:

- they may be one-off e.g. relate to staff savings or windfall income; and
- they may be carried forward to be used in future years e.g. Council tax discretionary fund.

1.46 A review of budgets beyond 16/17 is still under review and all items below are provisional in particular the saving on Care Act costs is dependent on the grant not being withdrawn as a result of the delay in implementing parts of the Act. If the grant is withdrawn then there will be a pressure in 2016/17 of £65k. The latest position is as follows:

	Proposed Savings 2016/17 £	Comments
People Directorate:		
Care Act	74,600	As per para 1.44
Physiotherapist	25,000	Now funded through BCF
Places Directorate:		
Building Control	18,900	Removal of pressure as dispute over contract already settled
Development Control	1,200	Minor budget amendments
Drainage & Structures	5,000	Minor budget amendments
Highways	350,000	Already reflected in MTFP
Registrars	15,000	Increased income
Resources Directorate:		
Information Technology	100,000	Initial view based on review of budget and spend by Director
	589,700	
	Potential Pressures 2016/17 £	Comments
People Directorate:		
Deprivation of Liberties	78,000	Due to a supreme court judgement costs have increased tenfold for local authorities.
Resources Directorate:		
Insurance Premiums	7,000	Insurance premium tax increase of 3.5%
	85,000	

Miscellaneous grants

1.47 The Government have made a grant available to local authorities to reimburse them for any expenditure incurred for the placement of hard to place children (those who have been waiting for more than 18 months). Should the Council deal with any children who meet this criteria then a claim will be made.

2. Capital Programme

A Overall Programme – are we on track to achieve our approved capital budget?

2.1 The following table sets out the position against the Capital Programme as at the end of September 2015, including the total approved project budget, forecasted expenditure to the end of the project and variances against budget.

Portfolio	Total Project Budget	Expenditure (Prior Years)	Budget 2015/16	Estimated Outturn 2015/16	Variance 2015/16	Estimated Outturn 2016/17	Total Project Expenditure	Total Project Variance
	£000	£000	£000	£000	£000	£000	£000	£000
Approved Projects								
People	932	3	929	918	(11)	0	921	(11)
Places	14,715	5,895	7,332	7,330	(2)	1,464	14,689	(26)
Resources	0	0	0	0	0		0	0
Total Approved	15,647	5,898	8,261	8,248	(13)	1,464	15,610	(37)

Portfolio	Budget 2015/16	Estimated Outturn 2015/16	Variance 2015/16	Estimated Outturn 2016/17
	£000	£000	£000	£000
Financed by:				
Grant	(6,646)	(6,635)	11	(180)
Prudential Borrowing	(257)	(255)	2	(1,104)
Capital Receipts	0	0	0	0
Revenue Contribution to Capital Outlay (RCCO)*	(520)	(520)	0	(180)
Oakham North Agreement	0	(212)	(212)	0
S106	(838)	(626)	212	0
Total Financing	(8,261)	(8,248)	13	(1,464)

*£520k includes £200k ASC Replacement System, £200k Castle Restoration, £60k Special Guardianship Order Requirement and £60k Museum Boiler Replacement

B Approved programme – Are there changes to the approved programme?

- 2.2 The approved capital programme for Quarter 1 was £7.666m as per the Q1 Finance Report (153/2015). The table below shows that the programme during the second quarter of 2015/16 has increase by £595k, therefore giving a revised capital programme of £8.261m. This increase is shown within the following two areas:
- 2.3 Approvals since Q1 Finance Report – these are projects which have been approved by Members since quarter 1 budget was reported. Further details of the approval can be found using the report numbers associated with the projects.
- 2.4 Re-profiling - Projects previously approved in 2015/16 but will not be spent until next financial year. The overall cost of this project remains in line with the original approval and the budget is therefore increased in future years.

Portfolio	Project	Amount £000	Amount £000
Approved Capital Programme (Q1 Finance Report 153/2015)			7,666
Approvals Since Q1 Finance Report			
Places	Rutland Museum (105/2015 Item 29)	60	
Places	Oakham Castle Restoration – Funded from Friends of RCM and Donations (299/2014)	20	
Places	Highways Capital Maintenance (154/2015)	1,907	
Places	Library Capital Project (Section 106) under delegated authority	12	
People	Special Guardianship – Extension (174/2015)	60	
Total Approvals Since Q1 Finance Report			2,059
Re-profiling			
Places	Digital Rutland – Funding moved to 2016/17	(1,464)	
Total Re-profiling			(1,464)
Total Adjustments			595
Revised Capital Programme 2015/16			8,261

C Project progress - Are there delays in key projects?

- 2.5 Digital Rutland Phase 2 is not expected to start until 2016/17. A re-profiling adjustment for £1,464,000 has been in made in Quarter 2. The reason for the delay is down to waiting for the approval from BDUK's National Compliance Centre around State Aid.
- 2.6 Appendix 8 includes a detailed breakdown of the capital projects and current forecast.

D Unallocated projects – what are we planning?

2.7 Currently the Council is holding capital funds that have not yet been allocated to a project. A breakdown of the funds held is shown in the table below.

Portfolio	Funding Held	Amount held at 31/03/15 £000	Grant Received 2015/16 £000	Allocated 2015/16 £000	Amount Unallocated £000
People	ASC Unallocated Grant	(585)	(21)	314	(291)
People	Schools Targeted Capital	(149)	0	0	(149)
People	Basic Need	(1,597)	(506)	968	(1,135)
People	Capital Maintenance	(902)	(226)	486	(643)
People Total					(2,218)
Places	Highways Grant	(438)	(2,394)	2,278	(553)
Places	Rural Capital	(33)	0	0	(33)
Places Total					(586)
Other	S106	(1,720)	(325)	626	(1,419)
Other	Oakham North Agreement	0	(2,256)	305	(1,951)
Other Total					(3,370)
Total Capital Funding Available					(6,174)

2.8 The table in 2.12 overleaf gives an update re the position on the Oakham North Agreement.

E Closed Capital Projects – What project have been completed?

2.9 Oakham Enterprise Park capital project has now been completed. The works have had led to 96% of units being let with firm interest in the remaining. See appendix 8 for details of the final position.

2.10 The boiler at Rutland Museum is expected to be completed mid October. Any underspend will be known and adjusted in Quarter 3 when a final outturn is agreed.

2.11 The final grant claim for Active Rutland Hub was submitted in May, retention of £7.5k will be received within 12 months of the completion date (May 2016).

F Oakham North agreement – What is the latest position?

2.12 The table overleaf gives an update re the position on the detailed breakdown of the allocations on the Oakham North Agreement. The table shows that, in line with the Council Report 173/2015, the total amount payable is £4,800k plus £135k indexation giving a total of £4,935k.

2.13 Part of the £4,935k was paid as part of the initial Section 106 agreement (£340k). The amounts that can be funded from this have been shown and have had approval from either Cabinet or through the Director of Places under delegated authority.

2.14 As noted in para 8.11 of the Council report, the Council has decided previously to fund schemes in advance of S106 being received. The Council has always made such decisions in full knowledge of the implications of not receiving the contribution. The report stated that the Council will therefore seek to use any contribution to fund decisions already made. The amounts to be funded from the new Oakham North Agreement will need formal approval by Council.

2.15 The use of this funding will reduce the Council's capital financing costs by £65k over the life of the MTFP.

Agreed Contribution			4,800,000
Indexation			135,150
Total Contribution			4,935,150
Split:			
	S106	Oakham North Agreement	Total
Total	340,667	4,594,483	4,935,150
Expenditure Plans			
<i>Prior Decisions</i>			
Adult Soccer	0	597,000	597,000
Library PC's	19,939	1,109	21,048
<i>Total Prior Decisions</i>	19,939	598,109	618,048
<i>2015/16 Schemes</i>			
CCTV	64,000	74,000	138,000
Library PC's	6,000	6,000	12,000
Sports Grants	86,422	133,769	220,191
Total 2015/16 Capital Projects	156,422	213,769	370,191
Total Committed	176,361	811,878	988,239
Balance Remaining	164,306	3,782,605	3,946,911

3. Medium Term Financial Plan (MTFP)

A Overview - have there been changes since the budget?

3.1 The MTFP has been updated to take account of the position at Q2 and various other updates and is included within this report at Appendix 9. No other changes will be made until the budget settlement in November.

3.2 The table below shows the impact of revisions to assumptions within the MTFP.

Area	Commentary	Amount £m																		
General Fund Carry Forward Balance 19/20 as per Q1 report (153/2015)		(2,476)																		
Council tax	<p>The major factor that has affected the amount of Council Tax income projected over the life of the MTFP is changes to the tax base as per the table below. The dampening of growth has also been revised from 25% to 10%</p> <table> <tr> <th></th><th>Q1</th><th>Revised</th></tr> <tr> <td>2016/17</td><td>14,602</td><td>14,691</td></tr> <tr> <td>2017/18</td><td>14,768</td><td>14,859</td></tr> <tr> <td>2018/19</td><td>14,901</td><td>14,984</td></tr> <tr> <td>2019/20</td><td>15,018</td><td>15,096</td></tr> <tr> <td>2020/21</td><td>15,125</td><td>15,207</td></tr> </table>		Q1	Revised	2016/17	14,602	14,691	2017/18	14,768	14,859	2018/19	14,901	14,984	2019/20	15,018	15,096	2020/21	15,125	15,207	(1,056)
	Q1	Revised																		
2016/17	14,602	14,691																		
2017/18	14,768	14,859																		
2018/19	14,901	14,984																		
2019/20	15,018	15,096																		
2020/21	15,125	15,207																		
New Homes Bonus	<p>There has been 2 significant changes in new homes since the Q1 position that have affected the level of New Homes Bonus the Council is likely to receive</p> <ol style="list-style-type: none"> Changes in the housing trajectory estimate as per the Local Plan. The dampening of growth has also been revised from 25% to 10% 	(1,015)																		
Retained Business Rates	The annual amount from business rates has been dampened to take into account the increase in appeals received.	367																		
Capital Financing	Changes to Capital Financing to take into account the Outturn position of 2014/15 and changes for the repayment of Adult Soccer (£597k)	(366)																		
Interest Receivable	The long term cash flow of the council has been revised indicating larger balances for investment, resulting in increased interest receivable.	(236)																		
Net cost of	The impact of Savings/Pressures and technical	(1,700)																		

Area	Commentary	Amount £m
services changes	adjustments over the lifetime of the MTFP. Noted in Section 1 (including the Highways saving)	
Other	There are other changes that impact the MTFP. These include the Collection Fund Surplus (£90k) and removal of dampening on 2016/17 Better Care Funding.	(390)
General Fund Carry Forward Balance 2019/20 as per Appendix 9		(6,872)

B New Homes Bonus (NHB) - will we achieve our target?

3.3 The NHB is a scheme aimed at encouraging local authorities to grant planning permission for the building of new houses, in return for additional revenue. It is based on the net increase in the number of dwellings (additions less demolitions), with extra bonus for affordable homes, empty homes brought back into use and local authority owned and managed gypsy site pitches. Each additional property attracts a grant equivalent to the national average council tax for that Band (approx. £1,450 for a Band D property per year for 6 years, a total of £8,700). An additional £350 is received for each affordable home.

3.4 The NHB allocation for 2016/17 is based on performance achieved between October 2014 and September 2015. The Council originally included an amount of £285,300 in the MTFP for 2016/17. Performance to date is as follows:

New Homes Bonus (Council Tax Band)	Start position CTB1 Oct 2014	Actual 30 Sept 2015	Movement from base
A	1,569	1593	24
B	4,372	4,453	81
C	2,908	2,983	75
D	2,375	2,398	23
E	2,201	2,257	56
F	1,555	1,578	23
G	1,243	1,248	5
H	145	145	0
Properties	16,368	16,655	287
Empty Homes	157	169	(12)
Movement			275
Target			180
% achieved			153%

3.5 The spread of the properties completed to date would provide the Council with £382k (excluding any affordable homes element). The over performance of 153% only translates to 134% of the budgeted amount

because the actual payment is based on the actual banding of the house, where the budgeted amount is based on an average band D property.

C Retained Business Rates (RBR) Monitoring – is our RBR retention forecast realistic?

3.6 Under the RBR scheme the Council retains a proportion of the total RBR received. RCC share is 49% with the remainder paid to Central Government (50% share) and The Leicestershire Fire Authority (1% share).

3.7 The only impact the performance of the collection fund will have on 2015/16 is that any additional growth will be levied and is payable in the financial year the growth occurs. The table below shows the current forecast against the MTFP position and the levy payable. The table shows that the Council is on course to be liable for a levy of £90k which will be payable in 2015/16. The performance of the collection fund is largely in line with expectations; however, more statutory reliefs have been given out than anticipated. The Council is partly refunded for these losses through the award of Section 31 grants.

	Business Rates Retention	Q1 Forecast £000	Q2 Forecast £000
	Net yield	10,079	10,117
	Government share (50%)	5,040	5,059
	Fire Authority share (1%)	101	101
	RCC share of Retained Rates (49%)	4,939	4,957
	(Less Tariff)	(790)	(790)
	Section 31 Grants (compensation for loss of rates)	439	425
A	RCC RBR – Tariff plus S31	4,588	4,592
B	RCC Funding Baseline	4,043	4,043
C	Levy Rate	16.3%	16.3%
D	Less Levy (A-B)*C	(89)	(90)
E	Share of Previous Deficit	(294)	(294)
	Net RCC Retained Business Rates (A-D-E)	4,204	4,208

3.8 The retained business rates forecast of £4.208m is in line the MTFP position of £4.250m. The £42k difference is explained by a reduction in retained rates for various factors compensated in part by additional Section 31 grants in compensation.

D Council Tax and Council Tax Benefit – are we on budget?

3.9 Council Tax represents 60% of the total income the Council receives, and even slight fluctuations can have a significant impact on the General Fund balance. For that reason the position on Council Tax is monitored closely. There are a variety of movements that can affect the Council Tax Collection Fund Balance, including additional Council Tax Support claims;

fluctuations in the council tax base (e.g. number of properties the Council bills); and write offs.

3.10 The table below shows the expected outturn on council tax taking into account known changes.

Area	Annual Billing £000	Q1 Forecast £000	Q2 Forecast £000
Annual Debit	26,139	26,139	26,139
Adjustments to Annual Debit	-	78	126
Council Tax Support	(1,356)	(1,358)	(1,338)
Gross Income from Council Tax	24,783	24,859	24,927
Total Demands and Precepts	(24,723)	(24,723)	(24,723)
Bad Debt Provision and Write Offs	(60)	(60)	(60)
Total expenditure	(24,783)	(24,783)	(24,783)
Estimated surplus/(deficit) for 15/16	0	76	144
Actual Surplus/(Deficit) Brought Forward from 14/15	28	28	28
Estimated Surplus/(Deficit) 31/03/2016	28	104	172
RCC share* (based on Council's share of total demands and precepts)	24	90	149

3.11 The performance of the Collection Fund is outperforming the MTFP position this will result in the Council being able to declare a surplus to be shared in 2016/17. The spend on Council tax support is in line with budget.

3.12 The Council put £50k into a Discretionary Hardship Fund to support those who need additional support paying their council tax. The latest position is shown below. The number of awards is slightly lower than this time last year.

Hardship Fund	2014/15 Outturn	Actual @Q1	Actual @ Q2
Number of applications	214	53	101
Number awarded	172	25	62
Number of appeals (won)	1	0	0
Value of awards (£000)	24	2	5
Budget remaining (£000)	76	48	45

E Emerging issues – what other issues are emerging?

National Living Wage

- 3.13 In Quarter 1 it was reported that the Government will introduce a new National Living Wage (NLW) for workers aged 25 and above. From April 2016, the new NLW will be set at £7.20 – a rise of 70p relative to the current National Minimum Wage (NMW) rate, and 50p above the NMW increase coming into effect in October 2015. LGA analysis shows that introducing the National Living Wage (NLW) for council employees will cost at least £7 million in 2016, with further contract cost pressures of £330 million to introduce the NLW for domiciliary and residential care staff. By 2019/20 these figures could rise to at least £85 million and £834 million respectively as the NLW moves towards the £9.00 per hour target and outpaces general wage inflation.
- 3.14 The Council agrees that there will be a pressure but is not clear on the amount. In terms of its own staff the cost is not significant (less than £45,000 to 2020/21). In terms of its key significant contracts, some of its suppliers do pay above the NLW already so the impact will be negligible but in other areas such as Adult Social Care, the impact could be greater. The Council also believes that there will be a general inflationary impact as many private sector organisations have already publicly announced that increases in costs are likely to be passed onto consumers.
- 3.15 The Council builds inflation into its MTFP (general 2%, utilities 8% and contracts 3%). The amount of inflation built into the MTFP for 2016/17 – 2019/20 for example is £2.1m. A 0.5% increase over the same period could have an impact of £508k. This could be mitigated as the actual inflation is monitored and only the percentage increases known will be applied.

Better Care Together (BCT) Social Care Impacts

- 3.16 Over the next few months, Council officers will be working with BCT colleagues to assess the impact on Adult Social Care of planned changes across a range of work streams e.g. planned care, urgent care, learning disability etc. Meetings are being held where Local Authority partners have the opportunity to assess any capacity and financial impacts to their Adult Social Care (ASC) responsibilities as a result of the programme and to assess whether they are able to deliver any proposed changes. Initial meetings have already been held in respect of the Service Reconfiguration project (closure of beds at Leicestershire Partnership NHS Trust (LPT) and learning disability. The initial view was that the impact on social care would be negligible although there was an agreement to revisit this assumption after changes take effect.
- 3.17 The outcome of these meetings will be factored into the budget for 2016/17.

Pensions

- 3.18 State pension contracted out arrangements will end from April 2016. What this means for individuals is that currently, employees who are paying into a contracted out occupational pension scheme do not receive the state second Pension and pay a lower rate of National Insurance Contributions (NICs), along with their employers. With the end of this practice and the introduction of the single tier state pension, Local Government Pension Scheme (LGPS) employers and their pension scheme members will see their NICs go up in April 2016, whilst their occupational pension contributions will remain the same.
- 3.19 The Council will in effect lose a 3.4% rebate which is calculated on the eligible salary costs. For example the extra costs the Council will pay on an annual salary of £32,778 is as follows:

	£	£
Current NI Payable		207.31
Monthly Salary	2,731.50	
Lower Earnings Limit	486.00	
Eligible Salary for NI	2,245.50	
Multiply by 3.4%		76.35
New NI		283.66
Percentage increase in NI Payable		35%

- 3.20 This will mean a consequent increase in employers' national insurance contributions for all employers who provide pensions, including councils. The estimated additional annual cost to councils of this is £797 million. Councils are affected by this policy disproportionately to the rest of the public sector due to the nature of the Local Government Pension Scheme (LGPS). The cost burden for this Council had been originally calculated as £175k but the latest projections show it as being £180k.

Welfare Reforms

- 3.21 Following the Summer 2015 budget announcements about various welfare reforms, there are two key questions that arise:
- What is the financial impact of these changes on the Council?
 - What is the impact on individuals?
- 3.22 Both questions are difficult to answer fully at this stage, but what is clear is that some people will receive less in benefits - as benefits are paid by the Council but reimbursed by Government there is no direct impact on the Council. Others will receive less income - this is relevant for council tax support and crisis loans. As council tax support and crisis loans are assessed against income levels then changes that affect levels of income

will have an impact on the Council in that more people will become eligible for support and those currently eligible may be entitled to more support.

3.23 So whilst it is likely that the Council will incur additional cost, quantifying the marginal cost on the Council is not simple for a number of reasons:

- changes will be staggered so do not all come into effect at the same time;
- the extent of the impact will depend on the claimant cohort at the time new rules are applied e.g. some changes will not apply to existing claimants but will apply to new claimants;
- the budget principles will be translated into detailed regulations which may impact on eligibility, cost etc; and
- universal credit is being phased in gradually and may impact on the above.

3.24 The Council is working through various examples to try and assess the impact and this work will continue and be fed into future review of the Local Council Tax Support Scheme, Discretionary Fund and Crisis Loans.

Local Government Finance System: Business Rates Retention

3.25 In early October, the Chancellor today set out major plans to devolve new powers from Whitehall to local areas to promote growth and prosperity.

He stated that by the end of the Parliament, local government will be able to retain 100 per cent of local taxes – including all £26 billion of revenue from business rates – to spend on local government services.

Other changes referred to included:

- The government will also abolish the Uniform Business Rate and give local authorities the power to cut business rates to boost enterprise and economic activity in their areas;
- The core grant (RSG) will be phased out, and local government will take on new responsibilities;
- Those areas which choose to have city-wide elected mayors will get even greater flexibilities, also being given the power to increase rates for spending on local infrastructure projects, as long as they win the support of local business;
- Local government will take on new responsibilities; and
- Local authorities will be able to cut business rates as much as they like. Directly elected mayors – once they have support of local business leaders through a majority vote of the business members of the Local Enterprise Partnership – will be able to add a premium to

business rates to pay for new infrastructure. This power will be limited by a cap, likely to be set at 2p on the rate.

3.26 There have been lots of articles in the press commenting on what these proposals could mean. In the absence of more detail, it is difficult to assess what this could mean for the Council. However, there are some points to note.

- Local government will still be expected to contribute towards the Governments fiscal consolidation – any new approach is unlikely to mean more funding for this Council or others;
- The transfer of responsibilities from central to local government has happened before and has not always been fully funded;
- There will still need to be some form of business rates redistribution – some Councils collect far more business rates than what they currently ‘need’ (based on the Governments assessment);
- The prosperity of local authorities is likely to be linked more closely to the state of the economy.

3.27 It looks likely that any new approach could not be implemented pre 2018/19 but this is not clear.

Public Health Funding formula

3.28 The Secretary of State has commissioned ACRA (Advisory Committee on Resource Allocation) to update the existing public health formula and recommend a revised formula that could be used to target public health resources. ACRA’s remit is to develop a formula for a single target allocation covering both existing services and the newly transferred children’s 0-5 services. Although the formula contains separate components to estimate the need for different services, each LA currently receives a single allocation, which it can then decide how best to prioritise, having regard for the needs of its population, its statutory responsibilities and the grant conditions. There are various technical changes proposed. One of the more interesting ones is ACRA proposing an adjustment for sparsity in the new component for children’s 0-5 services to take account of travel time for home visits by health visitors. The proposed changes are reported to increase the Council’s share of available funding from 0.08% to 0.10%.

In-year cuts

3.29 As part of wider Government action on deficit reduction, the 2015/16 public health grant to local authorities will be reduced by £200 million. The Government has consulted on how the contribution to the saving will be calculated. The options included a standard flat rate of 6.2 per cent applied to all, or a process that differentiates between LAs in different

circumstances (allowing for evidence of hardship, for example) applying varied percentages that still total £200 million.

- 3.30 The Council has responded to the consultation and favours a pro rata cut which would total £79k. For 2015/16, the Council is forecasting that this would be fundable from within the existing 2015/16 budget. Should this reduction be made permanent as part of future allocations, it could result in additional unfunded pressures on what might be pre-existing long-term contracts commissioned.

4. Financial Performance

A Debtors – are we recovering our debts?

- 4.1 The Council's aged debt position shows a large decrease in debts outstanding from the previous quarter, with particular reference to the 0-30 day range. The long term debt position has stayed largely in line with the previous quarter.

Aged debt	@30/06/2015 £000	@30/09/2015 £000
0-30 days	813	398
31-60 days	31	22
61-90 days	44	88
> 91days	224	184
Deferred Payments	188	192
Total	1,300	884
By Directorate		
People	883	534
Places	375	331
Resources	42	19
Total	1,300	884
By Recovery Rating		
Red	10	13
Amber	259	259
Green	1,031	612
Total	1,300	884

B Investment Income – is our return on investments as expected?

- 4.2 In the second quarter, the Council's average interest rate received on investments has been 0.71% (Q1 0.72%) on an average investment balance of £27.077m (Q1 £24.242m).
- 4.3 The rate achieved is above the 3 month British pound sterling (GBP) LIBOR interest rate - the average interest rate at which a selection of banks in London are prepared to lend to one another in British pounds with a maturity of 3 months – of 0.58%. The policy change to invest longer term is now fully implemented, and the average interest rate of c0.71% is levelling out and is currently the maximum the Council would expect to achieve in the current financial climate.
- 4.4 The budgeted interest for 2015/16 was £116k. With the change in policy the Council is currently forecasting investment income at being £185k. The table overleaf shows the current investments held.
- 4.5 In addition to the forecast of £185k above, the administrators of Heritable Bank paid a further dividend in August 2015 of £40,385 increasing the balance paid to date to 98% of the amount outstanding.

Investment Number	Amount Invested	Interest Rate	Date Invested	Maturity Date	Number of Days
Banks - UK					
1	1,000,000	1.00%	01-Apr-15	30-Mar-16	364
2	1,000,000	1.00%	01-Apr-15	30-Mar-16	364
3	1,000,000	0.92%	01-Apr-15	30-Mar-16	364
4	1,000,000	0.92%	14-Apr-15	12-Apr-16	364
5	1,000,000	0.98%	01-Jun-15	31-May-16	365
6	1,000,000	1.00%	08-Jun-15	06-Jun-16	364
7	1,000,000	1.00%	29-Jul-15	27-Jul-16	364
8	1,000,000	1.00%	29-Jul-15	27-Jul-16	364
9	1,000,000	0.74%	31-Jul-15	09-Feb-09	193
10	1,000,000	0.70%	18-Aug-15	16-Feb-16	182
Banks -Overseas					
11	1,000,000	0.61%	15-Jul-15	19-Jan-16	188
12	1,000,000	0.61%	01-Sep-15	01-Mar-16	182
Building Societies					
13	1,000,000	0.69%	01-Apr-15	06-Oct-15	188
14	1,000,000	0.67%	13-Apr-15	13-Oct-15	183
15	1,000,000	0.66%	12-May-15	17-Nov-15	189
16	1,000,000	0.75%	26-May-15	24-Nov-15	182
17	1,000,000	0.70%	23-Jun-15	22-Dec-15	182
18	1,000,000	0.70%	14-Jul-15	12-Jan-16	182
19	1,000,000	0.70%	21-Jul-15	19-Jan-16	182
20	1,000,000	0.72%	29-Jul-15	02-Feb-16	188
21	1,000,000	0.66%	10-Sep-15	10-Mar-16	182
22	1,000,000	0.60%	11-Sep-15	15-Mar-16	186
23	1,000,000	0.52%	24-Sep-15	21-Dec-15	88
Money Market Funds					
24	1,200,214	0.40%	Instant Access		
25	1,964,509	0.45%	Instant Access		
26	1,000	0.40%	Instant Access		
Total	26,165,723				

C VAT Partial Exemption – Are the Council within the 5% Limit?

- 4.6 The Council makes a number of supplies that have different VAT liabilities. There are taxable supplies which have VAT charged at the zero, reduced (5%) or standard rate (20%). Also, there are non-business and exempt supplies on which no VAT is charged. The VAT charged to our customers on our supplies is referred to as output tax. VAT on purchases is referred to as input tax. Output tax is paid to HM Revenue and Customs (HMRC) and input tax is claimed back under certain rules.
- 4.7 The general input tax rule is that the VAT a business incurs on purchases in order to make a taxable supply can be fully recovered from HMRC, whereas the VAT incurred in making exempt or non-business supplies cannot be, i.e. the VAT paid to suppliers for purchases can only be reclaimed if that purchase will in turn be used to make a taxable supply to our customers. As a local authority, there are special input tax rules that allow us to reclaim the VAT incurred on purchases that are needed to

make non-business supplies which gives us a slight tax advantage over private organisations.

- 4.8 Each month, the Council is required to submit a return to HMRC (The VAT return) declaring the amount of output tax (paid to HMRC), and the amount of input tax (reclaimed from HMRC) it had in the previous month. This normally results in the Council receiving a payment of tax, rather than owing money to HMRC as the input tax is always higher than the output tax. All input tax is reclaimed each month, regardless as to whether or not it related to an exempt supply or a taxable/non-business one.
- 4.9 HMRC require local authorities to complete the partial exemption calculation every year to show how much of the input tax that they have claimed back in the year relates to the exempt supplies they have made. There is a de minimis limit set, whereby if the amount of input tax that relates to making exempt supplies is below that the Council is entitled to keep that exempt input tax (which has already been reclaimed during the year). However, if the limit is exceeded, all input tax that has been reclaimed in relation to exempt supplies would have to be repaid to HMRC. The de-minimis limit is 5% of the total input tax that was reclaimed in the year. The calculation must be completed by the end of October each year so that any amounts that are to be repaid to HMRC are declared on the September VAT return (which must be submitted by 31st October).
- 4.10 This calculation has been completed and the Council are comfortably below the 5% limit, as demonstrated in the table below.

VAT Partial Exemption	2014/15 £000
Total Input VAT (a)	3,738
5% Limit (b = a*5%)	187
Total amount of exempt VAT reclaimed	129
Percentage used	3.45%
Headroom (VAT)	58

Appendix 2A: Approved budget changes

This Appendix shows changes to functional budgets and other budget changes. In accordance with FPR's, Cabinet can approve virements in any functional budget of up to £250k in any one year to a cumulative value of £500k across all functions. Changes above £500k must be approved by Council on a recommendation from Cabinet. In approving requests, Cabinet or Council may agree the use of earmarked reserves (ER), use the General Fund (GF) or make virements between directorates.

For the purposes of the rules, Cabinet is allowed to use earmarked reserves (approved by Council) in an unlimited way as long as they are used for their intended purpose and is allowed to carry forward unused budget from one period to the next so use of these reserves are not counted against the delegated limit for functional budget changes and are therefore shown separately (Cabinet Other).

Description	Source of Funding	Net Cost of Services £'000	Capital Financing £'000	Funding £'000	Transfer to/(from) Reserves £'000	Spend on Capital £'000	(Surplus)/ Deficit £'000	Cabinet* £500k Limit £'000	Cabinet Other £'000	Council £'000	Ch Exec. s151 Officer £'000
43											
Changes already made											
Approved Budget		33,509	1,904	(34,550)	(1,167)	880	576				
Approved Budget at Q1 (153/2015)		34,286	1,904	(34,550)	(2,265)	1,151	525	25	1,098	0	(75)
Museum Boiler (105/2015)	GF					60	60	60			
Delayed spend on Digital Rutland	ER				180	(180)	0	0	(180)		
Use of s106 for capital Projects (i)	ER				571	(571)	0				
Capital Spend to Support Care Plan (174/2015)	ER				(60)	60	0		60		
Contract Savings - People First	GF	(83)					(83)				

Description	Source of Funding	Net Cost of Services £'000	Capital Financing £'000	Funding £'000	Transfer to/(from) Reserves £'000	Spend on Capital £'000	(Surplus)/ Deficit £'000	Cabinet* £500k Limit £'000	Cabinet Other £'000	Council £'000	Ch Exec. s151 Officer £'000
Contract Savings - People First	GF	83					83				
Public Health Transfer from Reserve (ii)	ER	200			(200)		0				
Youth Housing Project (iii)	ER	(19)			19		0				
Electricity Income (iv)	ER			(80)	80						
		34,467	1,904	(34,630)	(1,676)	520	585	85	978	0	(75)
Changes Awaiting Approval											
School Improvement Funding (see appendix 3B)	GF	25					25	25			
Staff Retention Payments (see appendix 3B)	GF										
Proposed Budget		34,492	1,904	(34,630)	(1,676)	520	610	110	978	0	(75)

- (i) Within the approved budget of £880k for RCCO was 1 item being funded from S106 earmarked reserves. At Quarter 2, a change in accounting policy has been made that simplifies this process. Effectively, S106 funding is now transferred direct to capital rather than through the revenue account. In simple terms, the RCCO has been reduced and the drawn down from earmarked reserves removed. There is no impact of this change
- (ii) Public Health resources are due to be redeployed to fund initiatives currently funded from the general fund. In order to allow time for contractual issues to be resolved to allow for this transfer, £200k of public health earmarked reserve is being used to fund core expenditure.
- (iii) The original budget for the Youth Housing Project was supported by a contribution from s106 funding to support the staffing structure required for the project. This funding is no longer required this year.
- (iv) At Q1, Members approved the transfer of the £80k refund for historic electricity charges to the Invest to Save Reserve.

Appendix 2B: Virements

This Appendix shows virements made in accordance with para 4.10 of the Financial Procedure Rules by Directors and the Chief Executive/Section 151 Officer. As this is the first year of the new functional budgets, some of the changes involve realigning budgets for functional purposes.

Function	Current Ceiling	Revised	Movement	Reason
Chief Executive Office	£355,000	£345,000	(£10,000)	£10k is required for Human Resources for additional support to cover around People First Review
Human Resources	£412,900	£422,900	£10,000	
Drainage and Structures	£200,400	£168,000	(£32,400)	Funding reallocation to address arbitrary budget reductions in 2014/15 following procurement of new Term Maintenance Contract. As reported at Q1
Road Maintenance	£1,219,100	£1,251,500	£32,400	
Home to School Transport	£1,269,000	£1,363,700	£94,700	Transport Fleet transferred to Home to School Transport Functional Report from Public Transport as integral to Transport Review savings around SEN transport. Transport Fleet budget had also been increased following the Brightways/Rutwell minibuses operation (4 vehicles) transferred from People Directorate
Public Transport	£928,100	£833,400	(£94,700)	

Appendix 3A: Reconciliation of Directorate budgets

The Council approved the new Financial Procedure Rules changing the way budgets are managed to a functional approach rather than on individual cost centres. As a result some budgets have been transferred between directorates to ensure that costs on certain functions are shown within one directorate only rather than split. For example, both People and Resources Directorate had budgets for historic pension costs. The whole of this function now shows in Resources Directorate.

The Better Care Fund (BCF) Contingency has been removed from the People Directorate as it is a corporate reserve set up to cover a) the performance risk element of the BCF (failure to meet admission targets could result in a £54k loss of income to the Council); b) the likely shift of activity from health to social care as the LLR health economy looks to save £400m and reduce the number of hospital beds by 250 over the next two years; and c) the potential increase in activity arising from demographic changes and housing growth.

	Q1 Budget 2015/16 £'000	Transfer To PH Funding £'000	Transfer From PH Reserve £'000	Contract Savings £'000	Transfer Blue Badge £'000	LD Vehicles £'000	Highways Saving £'000	School Improvement £'000	Youth Housing Project £'000	Q2 Budget 2015/16 £'000
People	15,979	(60)	200	(83)	(28)	(34)		25	(19)	15,980
Places	12,741	(140)				34	(250)			12,385
Resources	5,666				28					5,694
Fire Authority	0									0
PeopleFirst Savings	(300)	200		83						(17)
BCF Contingency	200									200
Highways Saving	0						250			250
Net Cost of Services	34,286	0	200	0	0	0	0	25	(19)	34,492

Appendix 3B: Requests for new investment

This Appendix shows requests for increases in budget ceilings for expenditure not yet incurred or included in a current forecast. A summary of requests with detail for each is set out below.

Functions	Current ceiling	Revised ceiling	Total requested	General Fund impact	Reference
Schools	£886,300	£911,300	£25,000	£25,000	3.1
People's Directorate	Various	Various	Funding request is for 2016/17 onwards		3.2

3.1 Schools

Directorate	People
Function	Schools
Budget	£886,300
Forecast	£911,300
Amount requested	£25,000
Request	<p>Analysis of school performance in Rutland has indicated that a sustained focus needs to be placed on improving attainment mainly at KS2 but also at KS4 to bring the county performance in line with regional and national performance, but also in terms of specific curricular developments such as primary mathematics, school leadership development including governance and continued work on safeguarding and child protection. In order to address these areas the Local Authority agreed at budget time to utilise funding to introduce specialist school improvement staffing and provide enhanced levels of support, challenge and intervention to assist school improvement processes in schools.</p> <p>A further £25k is now being requested to add to the initial investment which will be used to provide additional support for strategies for monitoring and improving outcomes for underprivileged learners; collaborative approaches to school improvement; succession planning re: teachers; and quality of teaching.</p>

Source of funding requested	General Fund Reserve
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3.2 People Directorate

Directorate	People
Function	Various
Budget	Various
Forecast	N/A
Amount requested	£44,000 in 2015/16; £75,000 - 2016/17 onwards
Request	<p>The last two years the Council has found it difficult to both recruit and retain social workers. This has been the national picture for some time and work in the region is reinforcing the challenge this is placing on adult and children's social care services. Given the significant safeguarding risk the Council has to manage this issue must be addressed. The Council is now in a position where it still has some vacancies and is looking at ways to recruit new staff and retain existing staff in post in a market where it cannot compete with bigger authorities on a salary level and has seen staff leave for that reason. The Council would like to introduce a small annual market supplement (for a maximum of three years) for social workers which would reward those existing staff who stay with the Council but also enhance the reward package of those looking to join. For existing staff, the first payment would be made in December 2015 but repayable if they leave prior to December 2016; for new staff, the payment would be made on appointment (pro rata) and again repaid if they leave prior to December 2016. This payment would not be eligible for staff under capability review and would be refundable if staff left within a year of the last payment being received. The total cost would be in the region of £44k for 15/16 and £75k for 16/17. The 15/16 amount can be funded from under spends but budget approval is required for future years. The Council is also working on some workforce development initiatives to support the overall 'employment package' – for example career pathways, support for newly qualified, grow our own scheme.</p> <p>As payments are only made if staff remain in post then this approach if successful, will help avoid the additional costs of interim staff which works out at c£12k per annum above budget for a social worker.</p>

Source of funding requested	In 2015/16 the cost can be contained within the overall directorate budget due to under spends within the year. For 2016/17 onwards, an increase in budget is being requested.
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Appendix 4: People Budget Monitoring Summary

Function	Outturn 2014/15	Budget	Revised Budget	Q1 Forecast	Q2 Forecast	Variance
Directorate Management Costs	1,010,377	757,800	972,800	972,800	972,700	(100)
Public Health	(211,861)	0	200,000	0	199,000	(1,000)
BCF Programme Support	63,000	50,000	50,000	41,700	38,100	(11,900)
BCF Contract and Procurement	14,200	200,000	200,000	189,000	189,000	(11,000)
BCF Supporting Independence	80,152	1,623,000	1,623,000	1,623,000	1,590,000	(33,000)
BCF Adult Social Care	71,360	173,000	173,000	166,600	154,000	(19,000)
Adults and Health (Ringfenced)	16,851	2,046,000	2,246,000	2,020,300	2,170,100	(75,900)
Non BCF Care Bill Transformation Programme	491,307	179,800	220,800	218,600	207,900	(12,900)
Non BCF Contract and Procurement	486,730	641,900	617,800	570,400	513,500	(104,300)
Community Support - Learning Disabilities	698,889	761,400	727,500	720,700	703,100	(24,400)
Non BCF Supporting Independence	1,008,559	620,100	690,400	621,100	540,900	(149,500)
Adult Social Care Direct Payments	757,499	879,400	879,400	823,400	714,700	(164,700)
Adult Social Care Home Care	856,541	773,100	773,100	1,035,600	1,056,900	283,800
Adult Social Care Residential & Nursing Care	2,399,487	2,798,900	2,868,600	2,794,000	2,727,400	(141,200)
Adult Social Care Day Care	170,236	147,600	172,000	196,300	196,300	24,300
Adult Social Care Assessments, reviews etc	960,185	986,600	833,200	894,700	845,300	12,100
Adults and Health (Non Ringfenced)	7,829,434	7,788,800	7,782,800	7,874,800	7,506,000	(276,800)
Childrens Disabilities Direct Payments	47,586	58,800	58,800	53,800	55,300	(3,500)
Childrens Disabilities Residential & Nursing Care	111,953	101,000	101,000	148,200	148,200	47,200
Childrens Disabilities Assessments, reviews etc	355,167	384,300	384,300	436,800	419,500	35,200
Safeguarding	151,060	195,000	189,000	146,900	157,000	(32,000)
Childrens & Adults Duty Social Care	259,782	501,400	527,400	535,800	506,600	(20,800)
Long Term Childrens Social Care	651,666	560,900	560,900	622,600	614,700	53,800
0-11 Early Intervention, CAF & Changing Lives	549,809	552,700	542,700	547,200	539,100	(3,600)

Appendix 4: People Budget Monitoring Summary

Function	Outturn 2014/15	Budget	Revised Budget	Q1 Forecast	Q2 Forecast	Variance
11-19 Early Intervention	436,402	547,000	485,400	443,000	401,800	(83,600)
Fostering and Adoption	1,280,870	1,218,000	1,218,000	1,189,300	1,236,000	18,000
Childrens	3,844,296	4,119,100	4,067,500	4,123,600	4,078,200	10,700
Schools and Early Years	790,984	851,300	911,300	866,700	902,300	(9,000)
Rutland Adult Learning and Skills Service (RALSS)	62	0	0	(7,800)	(5,900)	(5,900)
Learning and Skills	791,046	851,300	911,300	858,900	896,400	(14,900)
Total People - GF (Ringfenced)	16,851	2,046,000	2,246,000	2,020,300	2,170,100	(75,900)
Total People - GF (Non Ringfenced)	13,475,152	13,517,000	13,734,400	13,830,100	13,464,000	(270,400)
Total People – GF (Excluding DSG)	13,492,003	15,563,000	15,980,400	15,850,400	15,634,100	(346,300)
Schools Dedicated Schools Grant (DSG)	(283,377)	0	0	(209,000)	(10,700)	(10,700)
Total People	13,208,626	15,593,000	15,980,400	15,641,400	15,623,400	(357,000)

Appendix 5: Places Budget Monitoring Summary

Function	Outturn 2014/15	Budget 2015/16	Revised Budget	Q1 Forecast	Q2 Forecast	Variance
Directorate Management Costs	177,840	179,800	179,800	184,300	188,500	8,700
Development Control	122,089	211,600	211,600	66,600	69,300	(142,300)
Drainage & Structures	186,465	157,400	168,000	168,000	168,000	0
Emergency Planning	28,263	28,500	28,500	28,200	28,200	(300)
Environmental Maintenance	1,138,128	1,157,300	1,172,300	1,158,200	1,168,800	(3,500)
Forestry Maintenance	114,169	106,800	106,800	106,700	106,700	(100)
Highways Capital Charges	1,158,652	1,158,600	1,158,600	1,158,600	1,158,600	0
Highways Management	79,241	210,400	210,400	180,300	195,700	(14,700)
Home to School Transport	1,351,651	1,329,800	1,363,700	1,337,400	1,328,300	(35,400)
Lights Barriers Traffic Signals	214,317	264,100	264,100	255,600	254,900	(9,200)
Parking	(273,640)	(241,700)	(241,700)	(252,700)	(236,000)	5,700
Pool Cars & Car Hire	97,863	104,300	104,300	104,300	94,500	(9,800)
Public Protection	415,106	387,200	415,200	421,800	419,000	3,800
Public Rights of Way	114,383	117,600	117,600	117,200	115,300	(2,300)
Public Transport	788,041	833,400	833,400	808,600	807,800	(25,600)
Road Maintenance	1,359,226	1,219,100	1,001,500	1,250,000	1,000,600	(900)
Transport Management	314,983	367,600	455,200	435,200	395,200	(60,000)
Waste Management	2,036,878	2,077,300	2,077,300	2,073,600	2,117,800	40,500
Winter Maintenance	266,594	262,300	262,300	262,300	262,300	0
Crime Prevention	149,900	156,200	156,200	154,600	128,300	(27,900)
Environment, Planning and Transport	9,662,309	9,907,800	9,865,300	9,834,500	9,583,300	(282,000)
Planning Policy	329,731	350,000	410,400	402,200	399,300	(11,100)
Housing	66,373	73,800	106,000	135,800	96,500	(9,500)
Tourism	6,844	13,600	13,600	12,500	16,200	2,600

Function	Outturn 2014/15	Budget 2015/16	Revised Budget	Q1 Forecast	Q2 Forecast	Variance
Health & Safety	34,071	36,200	36,200	36,100	36,000	(200)
Property Services	915,731	897,700	902,700	905,900	899,100	(3,600)
Building Control	(23,257)	(28,200)	(28,200)	(28,100)	6,700	34,900
Commercial & Industrial Properties	(42,166)	(162,600)	(162,600)	(163,400)	(80,700)	81,900
Economic Development	207,243	163,200	163,200	125,100	105,400	(57,800)
Culture & Registration Services	79,797	90,000	90,000	80,500	79,500	(10,500)
Libraries	383,363	436,400	446,400	448,700	447,100	700
Museum Services	308,847	343,100	343,100	345,000	343,900	800
Sports & Leisure Services	131,825	110,700	19,200	108,300	35,000	15,800
Development and Economy	2,398,402	2,323,900	2,340,000	2,408,600	2,384,000	44,000
Total Places	12,238,551	12,411,500	12,385,100	12,427,400	12,155,800	(229,300)

Appendix 6: Resources Budget Monitoring Summary

Function	Outturn 2014/15	Budget 2015/16	Revised Budget	Q1 Forecast	Q2 Forecast	Variance
Chief Executives Office	255,011	335,000	345,000	325,500	313,800	(31,200)
Directorate Management Costs	188,786	190,100	190,100	190,000	196,400	6,300
Corporate Costs	152,351	155,700	155,700	156,500	155,800	100
Pensions	222,751	220,000	220,000	214,700	214,700	(5,300)
Audit Services	202,916	155,000	155,000	155,300	157,900	2,900
Insurance	174,638	173,600	198,600	193,600	195,800	(2,800)
Accountancy & Finance	590,429	612,800	625,800	617,100	629,900	4,100
Information Technology	1,324,756	1,525,000	1,564,000	1,565,500	1,484,100	(79,900)
Corporate Support Services	444,659	475,600	496,300	472,000	480,100	(16,200)
Members Services	194,525	205,700	209,700	209,700	209,700	0
Customer Services Team	141,879	223,500	253,500	248,100	242,400	(11,100)
Elections	80,146	46,900	46,900	25,600	33,100	(13,800)
Legal & Governance	432,148	346,400	346,400	346,600	346,400	0
Human Resources	383,051	412,900	422,900	418,800	433,700	10,800
Revenues & Benefits	116,616	379,200	389,200	332,700	314,600	(74,600)
Financial Support	41,297	75,000	75,000	40,000	37,100	(37,900)
Total Resources	4,945,959	5,532,400	5,694,100	5,511,700	5,445,500	(248,600)

Appendix 7: Adverse variances over £100k

This Annex shows requests for increases in budget ceilings where existing forecasts predict that budgets will be overspent or an explanation of the current position.

Directorate	People
Function	Homecare
Budget	£773,100
Forecast	£1,056,900
Amount requested	£Nil
Source of funding requested	N/A
Rationale	<p>Home care in older people is significantly overspent as reviews of individual assessments have resulted in increased chargeable hours despite the number of clients reducing. This is in line with the policy of keeping people at home as long as possible. The actual number of service users has decreased from 74 to 63 as the Council has tried as far as possible to signpost clients to other services. The average number of hours per service user has increased from 10 to 15 (total chargeable hours 923 per week) as the Council is dealing with more complex cases.</p> <p>Also, there is a pressure against Learning Disabilities due to a young person moving into the area requiring a substantial level of support. Some of this overspend could be offset by rebasing the budgets to better reflect the new functional budget management arrangement.</p> <p>Fairer Charging income is forecast to be below budget due to lower numbers of service users meeting the fairer charging thresholds. However, the Head of Service is reviewing the charges to ensure that income is being optimised wherever possible.</p>
Please explain why existing directorate budget can/cannot accommodate cost	As the Directorate as a whole is forecasting an under spend, and a review and rebasing of budgets will be undertaken for 2016/17, a request for additional resources is not being sought at this time.

Appendix 8: Detailed Capital Programme

Directorate	Project Number	Project Description	Total Project Budget	Total Project Expenditure	Variance	Total Budget 2015/16	Committed Expenditure 2015/16	Estimated Outturn	Variance 2015/16 (Outturn to Budget)
People	CB1005	Devolved Formula Capital	53,900	42,964	(10,936)	53,900	21,482	42,964	(10,936)
People	CD1000	Disabled Facilities Grants	210,000	210,000	0	210,000	34,247	210,000	0
People	CD1011	Autism Innovation	18,500	18,200	(300)	15,000	5,854	15,000	0
People	CD1013	ASC System Replace	590,000	590,000	0	590,000	494,900	590,000	0
People	CD1015	Special Guardianship	60,000	60,000	0	60,000	4,320	60,000	0
Total People Capital Programme			932,400	921,164	(11,236)	928,900	560,803	917,964	(10,936)
Places	CH1038	Digital Rutland	2,670,000	2,670,264	264	80,000	57,000	80,000	0
Places	CH1058	Oakham Enterprise Park	3,482,500	3,480,947	(1,553)	177,000	175,447	175,447	(1,553)
Places	CAPB1	Capital Allocations Project Board	2,384,400	2,360,255	(24,145)	1,459,300	422,232	1,459,300	0
Places	HCP 15/16	Highways Capital Projects	2,044,000	2,044,000	0	2,044,000	577,650	2,044,000	0
Places	HCP	Highways Capital Projects	234,000	234,000	0	234,000	17,903	234,000	0
Places	CG1005	Library Capital Project	33,000	33,048	48	12,000	1,449	12,000	0
Places	CH1077	Active Rutland Hub	769,000	768,506	(494)	247,000	242,016	247,000	0
Places	CX1084	Sports Grants	500,000	500,000	0	500,000	269,382	500,000	0
Places	CG1004	Oakham Castle Restoration	2,400,100	2,400,136	36	2,380,600	140,054	2,380,600	0
Places	CG1006	Rutland Museum	60,000	60,000	0	60,000	40,024	60,000	0
Places	CD1005	Replacement CCTV	138,000	138,000	0	138,000	118,000	138,000	0
Total Places Capital Programme			14,715,000	14,689,156	(25,844)	7,331,900	2,061,157	7,330,347	(1,553)
Total Capital Programme			15,647,400	15,610,320	(37,080)	8,260,800	2,621,960	8,248,311	(12,489)

Appendix 9 – Medium Term Financial Plan

	2014/15 Q4 Outturn £	2015/16 Approved £	2015/16 Proposed £	2015/16 Q2 Forecast £	2016/17 Proposed £	2017/18 Proposed £	2018/19 Proposed £	2019/20 Proposed £
People	14,173,000	15,651,300	15,980,400	15,634,100	15,789,900	16,001,200	16,539,300	16,866,700
Places	11,620,000	12,368,500	12,385,100	12,155,800	12,127,300	12,293,600	12,536,500	12,807,600
Resources	4,895,000	5,713,800	5,694,100	5,445,500	5,567,000	5,653,300	5,765,400	5,879,000
Inflation Contingency	0	0	0	0	264,800	542,000	827,000	1,122,000
Fire Authority Support		75,000	0	0	0	0	0	0
BCF Contingency			200,000	200,000	200,000	200,000	200,000	200,000
Highways Saving			250,000					
People First Savings		(300,000)	(17,200)	0	(317,200)	(542,200)	(817,200)	(817,200)
Net Cost of Services	30,688,000	33,508,600	34,492,400	33,435,400	33,631,800	34,147,900	35,051,000	36,058,100
Capital Financing	2,141,000	2,019,821	2,019,821	1,897,263	1,930,601	1,905,715	1,881,825	1,858,890
Interest Receivable	(154,000)	(116,000)	(116,000)	(225,000)	(213,000)	(299,000)	(314,000)	(338,000)
Net spending	32,675,000	35,412,421	36,396,221	35,107,663	35,349,401	35,754,615	36,618,825	37,578,990
Resources								
Non ring fenced grants	(1,594,000)	(331,200)	(411,200)	(560,100)	(164,500)	(136,700)	(113,600)	(96,560)
New Homes Bonus	(538,000)	(808,638)	(808,638)	(808,606)				
NHS Support for Social Care	(814,000)	(2,046,000)	(2,046,000)	(2,046,000)	(2,046,000)	(1,846,000)	(1,946,000)	(1,946,000)
Care Act Funding		(294,198)	(294,198)	(294,198)	(294,198)	(294,198)	(294,198)	(294,198)
Council tax freeze grant	(217,000)	(219,200)	(219,200)	(218,634)	(219,200)	(219,200)	(219,200)	(219,200)
Revenue Support Grant	(5,080,000)	(4,060,409)	(4,060,409)	(4,060,409)	(3,045,760)	(2,418,900)	(1,978,900)	(1,583,120)
Retained Business Rates Funding	(4,070,000)	(4,250,600)	(4,250,600)	(4,250,600)	(4,302,600)	(4,407,700)	(4,556,100)	(4,714,000)
Council Tax	(20,464,000)	(20,685,300)	(20,685,300)	(20,685,300)	(21,504,800)	(22,234,200)	(22,907,000)	(23,572,400)
Collection fund surplus	(495,000)		0		(90,000)	0	0	0
Capital met from Direct Revenue	46,000	880,000	520,000	520,000	180,000	0	0	0
Transfers to/from earmarked reserves	821,000	(1,166,984)	(1,676,784)	(1,263,000)	(527,100)	(97,200)	(97,200)	(97,200)
Appropriations	(1,883,000)	(1,854,900)	(1,854,900)	(1,854,900)	(1,854,900)	(1,854,900)	(1,854,900)	(1,854,900)
(Surplus)/Deficit for year	(1,613,000)	574,992	608,992	(414,084)	1,480,343	2,245,617	2,651,727	3,201,412
Balance brought forward	(8,062,000)	(9,226,600)	(9,675,000)	(9,675,000)	(10,089,084)	(8,608,742)	(6,363,125)	(3,711,398)
Balance Before New Homes Bonus	(9,675,000)	(8,651,608)	(9,066,008)	(10,089,084)	(8,608,742)	(6,363,125)	(3,711,398)	(509,986)
New Homes Bonus					(1,190,600)	(1,508,200)	(1,755,700)	(1,905,900)
Balance carried forward with NHB	(9,675,000)	(8,651,608)	(9,066,008)	(10,089,084)	(9,799,342)	(9,061,925)	(8,165,898)	(6,870,386)

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