

CABINET

19 November 2019

QUARTER 2 FINANCIAL MANAGEMENT REPORT

Report of the Strategic Director for Resources

Strategic Aim:	Sound Financial Planning	
Key Decision: Yes	Forward Plan Reference: FP/090819	
Exempt Information	No	
Cabinet Member(s) Responsible:	Councillor Gordon Brown, Deputy Leader and Portfolio Holder for Corporate Finance	
Contact Officer(s):	Saverio Della Rocca, Strategic Director for Resources	Tel: 01572 758159 sdrocca@rutland.gov.uk
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Ward Councillors	N/A	

DECISION RECOMMENDATIONS

That Cabinet:

- a) Notes the forecast 2019/20 revenue and capital outturn position as at Quarter 2 (Appendix A, section 1 and section 2).
- b) Recommends to Council to remove two projects from the capital programme: officers mess and OEP Phase 2
- c) Approves an addition to the capital programme of £30k for new air conditioning units for the IT Server room
- d) Notes the impact on the MTFP of the Spending Round 2019 (Appendix A Section 3)
- e) Notes potential future pressures and savings (Appendix A, Section 1.4)

1 PURPOSE OF THE REPORT

- 1.1 To inform Cabinet and all members of the full year forecast position as at Quarter 2 for 2019/20 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.

1.2 The detailed report is included at Appendix A and gives an update on:

- Revenue Budget (section 1)
- Capital budget (section 2)
- Corporate finance updates (section 3)
- Debts and treasury matters (section 4)

2 BACKGROUND AND MAIN CONSIDERATIONS

2.1 Revenue and Capital position

2.1.1 The Council approved its 2019/20 revenue budget in February 2019. Since the budget was approved, Cabinet has approved further budget changes as detailed in Appendix B.

2.1.2 The Q2 revenue position is that the Council is forecasting a deficit of £123k compared to a budgeted deficit of £235k. The Council is in overall terms £111k under budget, a change of £385k since Q1.

2.1.3 At Directorate level, there have been significant (i.e. above £20k) movements across many areas (these are covered in each Directorate section in Appendix A, section 1.2) but the notable ones include: Commissioned Transport £180k, c£70k in Legal Services, £237k in Fostering and Adoption; and £200k in Adult Social care.

2.1.4 Where functional forecasts are projected to be more than £25k over budget, an explanation can be found in Appendix H. There is no request for additional budget in any area at Quarter 2 to enable the Council to keep clear visibility of where pressures exist. Moreover, all overspends can be contained within the overall budget at present.

2.1.5 The capital budget has changed as per Appendix A, section 2.2 with various small schemes added. Cabinet are asked to approve the additional programme relating to replacement of Air Condition Units in the Catmose IT Server Room. It is also being proposed to remove two schemes (OEP Phase 2 and the Officers Mess) due to the projects not having a suitable business case to take forward.

2.2 Beyond 19/20

2.2.1 In light of the Spending Review (detailed Appendix A para 3.2), Ministerial promises and the Government's Finance settlement technical consultation, the MTFP has been updated to show our best estimate of the latest position. In overall terms, the latest MTFP shows a better position for 2020/21 than that anticipated at the time the 2019/20 budget was set, but there is still uncertainty until the Council receive the Final Local Government Settlement.

2.2.2 The question is 'what has changed?' There are two key factors:

- a) the Government has not completed its review of Fairer Funding and the Business Rates Retention scheme. Both of these reforms were anticipated to leave the Council worse off from 20/21; and

b) the Spending Review has promised new funding.

2.2.3 Appendix A, Section 3.1 explains the detailed reasons why we have moved from projecting a 'loss' of c£1.6m to a near 'break-even' position for 20/21. Beyond 20/21, the Council is still projecting significant 'losses' given the level of uncertainty.

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 the impact of the forecast on the budget in future years.

4 ALTERNATIVE OPTIONS

4.1 Cabinet are requested to approve the new Capital Project. Cabinet can choose to reject this request but this is not advised as the Council IT servers need to be maintained at a set temperature to prevent them from failing.

4.2 The Council is also requested to remove two projects. Cabinet could choose not to recommend this proposal to Council, however the projects will not progress in their own right at this time, so this is not advised.

5 FINANCIAL IMPLICATIONS

5.1 The report highlights the impact of the forecast on the MTFP. General Fund balances will decrease by c£0.123m if all recommendations are approved.

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.

6.2 There are four functions, Permanency and Protection Service, Fostering, Adoption and Care Leaver Service, ASC Support and Review - Residential & Nursing and Commissioned Transport, within the People and Places Directorates that fall into this category but no specific request has been made because overspends can be contained within the overall budget.

6.3 There are no other legal implications arising from this report.

7 DATA PROTECTION IMPLICATIONS

7.1 A Data Protection Impact Assessment (DPIA) has not been completed because there are no service, policy or organisational changes being proposed.

8 EQUALITY IMPACT ASSESSMENT

- 8.1 An Equality Impact Assessment (EqIA) has not been completed because there are no service, policy or organisational changes being proposed.

9 COMMUNITY SAFETY IMPLICATIONS

- 9.1 There are no community safety implications.

10 HEALTH AND WELLBEING IMPLICATIONS

- 10.1 There are no health and wellbeing implications.

11 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 11.1 The Q2 position has changed significantly since Q1, but this movement represents 1% of the Net Cost of Services and is not unusual because officers now have more information to make forecasts in demand-led areas and a better understanding of the likelihood of recruiting to vacant posts and the costs of plugging any gaps with interims.

12 BACKGROUND PAPERS

- 12.1 None.

13 APPENDICES

Appendix A: Q2 Budget Report
Appendix B: Approved Budget Changes
Appendix C: Reconciliation of Directorate Budgets
Appendix D: Virements
Appendix E: People Directorate
Appendix F: Places Directorate
Appendix G: Resources Directorate
Appendix H: Adverse Variances over £25k
Appendix I: Detailed Capital Programme
Appendix J: Revised MTFP

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

Appendix A. Q2 Budget Report 2019/20

1 REVENUE MONITORING

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

1.1.1 The table in para 1.1.2 sets out the Council's forecast revenue outturn for 31 March 2020 as at the end of September (Quarter 2). The Q2 revenue position is that the Council is forecasting a deficit of £123k compared to a budgeted deficit of £235k. The Council is in overall terms £111k under budget, a change of £385k since Q1.

	Ref	Budget (Report 44/2019)	Revised Budget	Q1 Forecast Outturn	Q2 Forecast Outturn	Latest Forecast Year End Variance
		£000	£000	£000	£000	£000
People		18,079	18,631	18,334	18,705	74
Places		12,253	12,614	12,433	12,850	236
Resources		6,492	6,698	6,467	6,511	(187)
Directorate Totals	A, C, D,	36,824	37,943	37,234	38,066	123
Pay Inflation		65	65	0	0	(65)
Social Care Contingency	F	300	306	165	165	(141)
Net Cost of Services		37,189	38,314	37,399	38,231	(83)
Depreciation		(2,310)	(2,310)	(2,310)	(2,310)	0
Capital Financing		1,764	1,764	1,764	1,764	0
Interest Receivable	E	(200)	(200)	(300)	(360)	(160)
Net Operating Expenditure		36,443	37,568	36,553	37,325	(243)
Financing		(36,839)	(37,022)	(36,886)	(37,068)	(46)
Transfers to/(from) reserves	G	438	(589)	(176)	(412)	177
Revenue Contribution to Capital	B	0	278	248	278	0
(Surplus)/Deficit	A,B	42	235	(261)	123	(112)
General Fund 1 April 19		(8,970)	(8,963)	(8,963)	(8,963)	0
General Fund 31 March 20		(8,928)	(8,728)	(9,224)	(8,840)	(112)

1.1.2 The movement between Q1 and Q2 represents 1% of the Net Cost of Services and is not unusual because officers now more information to make forecasts in demand-led areas and a better understanding of the likelihood of recruiting to vacant posts and the costs of plugging any gaps with interims.

1.1.3 The £385k adverse change between Q1 and Q2 reflects additional expenditure forecast of c£862k (the vast majority of which is demand-led) less additional grants of £180k, transfers from earmarked reserves of £236k and interest receivable of £60k. The key points to note are:

- a) The Directorate budget has been increased by £335k owing to the use of ring fenced reserves (Better Care Fund and Public Health reserve), Brexit grant.
- b) The budgeted deficit has been reduced by £15k (reflecting additional grants of £45k which support General Fund expenditure less £30k investment required in new air conditioning units for the IT server room).
- c) At Directorate level, the net position is an over spend of just over £123k which is £832k adverse compared to Q1. There have been significant (i.e. above £20k) movements across many areas (these are covered in each Directorate section) but the notable ones include: Commissioned Transport £180k, c£70k in Legal Services, £237k in Fostering and Adoption; and £200k in Adult Social care.
- d) There are 10 functional areas where forecast overspends are more than £25k over budget.
- e) Income received on investments has continued to be better than predicted and it is anticipated that this will be over achieved by £160k (a £60k increase since Q1).
- f) The budget had contingency built in to support demand if it materialised. The pay contingency is there to support any changes in terms and conditions not covered by existing budgets, there has no use of this so far and this is likely to continue for the remainder of the year. The Social Care contingency is there to support rises in demand for social care. Any underspend against this contingency is transferred to the social care reserve.
- g) The Council is estimating an additional £236k transfer from earmarked reserves compared to Q1.

1.2 Directorate spend – what’s the latest position at directorate level?

1.2.1 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

1.2.2 The People Directorate is forecast to be £74k over budget. This is a strong position in the face of pressures. The forecast is £371k more than the

estimated position at Q1. Key movements are explained below (references to Appendix H are included for budgets that are over £25k overspent):

Function	Movement between Q1 and Q2	Commentary
Public Health*	28,500	Increase in budget and forecast due to draw down of Public Health Reserve to support Dementia activities (Stepping into Nature)
BCF Holistic Management*	21,100	Additional Funding received for BCF resulting in additional investment in existing projects.
ASC Prevention & Safeguarding*	(54,600)	Income received for Respite Care from service users. This is unpredictable as it based on financial assessment of users. In 2018/19 we only received £6k of income.
ASC Housing*	31,000	Additional Funding received from Public Health Reserve draw down to facilitate the purchase of software to improve the process around housing allocations
ASC Support & Review – Homecare*	52,600	Increase of 4 service users from Q1.
ASC Support & Review - Residential & Nursing (see Appendix H4)	199,000	Increase of 14 service users from Q1.
ASC Community Income*	(29,300)	Income received from the new service users for residential care (see below)
ASC Support & Review – Staffing*	(30,600)	Short term staffing vacancies.
ASC Hospital & Reablement*	36,100	Use of agency staff to cover vacancies whilst recruitment is ongoing.
Permanency & Protection Service (see Appendix H1)	141,800	The overall demand for the service stayed consistent with Q1. The complexity of cases has changed (one new placement has cost £75k).
Fostering, Adoption & Care leaver Service	236,800	Increase in demand (one placement costing £263k per annum, started in

Function	Movement between Q1 and Q2	Commentary
(see Appendix H2)		July)
Early Intervention – Targeted*	(84,500)	Reduction in a high cost placement
Early Intervention – SEND & Inclusion*	(63,400)	One off grant funding received which now offsets a pressure identified at Q1
Rutland Adult Learning*	(121,800)	ESFA clawback not expected to be required and increased income for service delivery

*Function within budget

Places Directorate

- 1.2.3 Whilst in overall terms, the Places Directorate is over budget by £236k. This is a movement of £312k from the underspend position of £76k at Q1. The key messages about the current position are as follows (references to Appendix H are included for budgets that are over £25k overspent):

Function	Movement between Q1 and Q2	Commentary
Brexit (Directorate Management Cost)	55,000	It is estimated that £55k of officer time and other costs has been incurred on Brexit related work.
Development Control*	(25,800)	Vacancy management
Highways Management	35,900	The majority of the overspend is down to a change in legislation to advertising for road closures. The change has meant that information has to be publicised twice rather than once.
Commissioned Transport (See Appendix H6)	178,500	Increases in demand across transport for Children. These are all statutory functions that the Council must provide.
Parking (See appendix H7)	34,900	Parking charges were amended at the start of the financial year to simplify tariffs and the 30 min tariff is now free to support town centre shopping. The changes appear to have changed peoples parking

Function	Movement between Q1 and Q2	Commentary
		habits, with less use of longer term tariffs.
Transport Management*	(34,400)	Reduction in working hours of staff.
Waste Management (See Appendix H8)	24,200	Refuse collection overspend is due to an indexation of 2.7% being charged for the service when initially the expectations were an indexation of 2.1%
Planning Policy (see Appendix H5)	26,000	Relates to the work required to deliver the Local Plan (additional works of the Woolfox site and increased legal costs).
Property Services (see Appendix H9)	74,700	Agency costs required to cover vacant posts where recruitment has been unsuccessful and programmed capital works (e.g. OEP Phase 2 and Officers Mess) which did not progress as anticipated resulting in under capitalisation of salaries.
Commercial & Industrial Properties*	46,800	Additional repairs at OEP

*Function within budget

Resources Directorate

1.2.4 The Resources Directorate is forecasting to be £187k under budget. This is an adverse movement of £44k from Q1. The main swings relate to:

- The HR Function is underspend by £40k (a further movement of £23k since Q1) due to a new starter commencing part way through the year and a change in the staffing structure;
- There are savings in Revenues and Benefits of c70k mainly due to staffing vacancies but additional investment has been made in the quarter into increasing online functionality available to customers;
- The only area where there is potential overspend (currently estimated at £68k) is Legal. The forecast on this budget is volatile and costs associated with SEN tribunal claims are increasing.

Dedicated Schools Grant (DSG)

1.2.5 The table below summarises the 2019/20 DSG Outturn against each of the four blocks.

	Schools £000	High Needs £000	Early Years £000	Central Schools £000	Total £000
Surplus/(Deficit) Carry Forwards from 2018/19	0	(157)	24	21	(112)
DSG Allocations	23,453	3,825	2,034	163	29,475
Transfer between blocks	(117)	117	0	0	0
Academy Recoupment	(21,669)	(176)	0	0	(21,845)
Expenditure in Year	(1,667)	(4,039)	(2,047)	(148)	(7,901)
Recovery Plan Investment	0	(195)	0	0	(195)
Additional High Needs Costs not yet placed	0	(86)	0	0	(86)
Under/(Over) spends in 2019/20	0	(554)	(13)	15	(552)
Surplus/(Deficit) Carried Forward to 2019/20	0	(711)	11	36	(664)
Percentage of Total DSG	-	(2.41%)	0.04%	0.12%	(2.25%)

1.2.6 The key point to note is that the deficit on the DSG would require the submission of a Recovery Plan to the DfE by June 2020.

1.2.7 There has been an increase in the number Education Health and Care Plan's (EHCP) that have transferred into the county (households who relocate to Rutland), with one case alone predicted to cost £62k. The Council normally has a net transfer out, but this year we have seen this change to a net transfer in of six cases. The total movement from Q1, including the six cases mentioned in the above paragraph, is 16. This equates to a 7% increase in total plans.

1.2.8 The Council has agreed with Schools Forum a recovery plan to address some of the issues for the overspend. However, if trends continue then this alone will not be enough to turn the position around. The national review may address some of the issues with the current system (para 3.3).

1.3 High Risk/Pressure Areas

1.3.1 Whilst many forecasts can change quickly particularly those in demand-led areas (children's and adult social care, fostering and adoption, homelessness for example), the position at Quarter 2 is as follows:

Directorate	Within budget?	Ceilings>25k overspent?		Ceilings>£25k underspent?		Requests for budget changes?
		Q1	Q2	Q1	Q2	
Places	No	1	5	1*	3*	No
Resources	Yes	0	1	6*	5*	No
People	No	6**	4**	9*	11*	No

***Note:** Only underspends included where Directorates are not currently proposing to carry forward unused budget to next year

** In the People Directorate, individual functions (e.g Direct Payments) may be overspent with corresponding underspends elsewhere as part of the strategy to manage needs within overall Adult Social Care budget.

1.3.2 Where functional forecasts are projected to be more than £25k over budget (listed in the table below) a detailed explanation of the current position is included in Appendix H.

Function	Amount Overspent	Further Detail Appendix H
Peoples		
Permanency and Protection Service	£181,200	H1
Fostering, Adoption and Care Leavers	£397,300	H2
ASC Support and Review - Direct Payments	£81,900	H3
ASC Support and Review - Residential & Nursing	£438,600	H4
Places		
Planning Policy	£52,900	H5
Commissioned Transport	£180,300	H6
Parking	£35,300	H7
Waste Management	£45,300	H8
Property Services	£56,500	H9
Resources		
Legal Services	£66,000	H10

1.4 Forward look 20/21 – potential pressures and savings?

1.4.1 The Quarter 2 position has highlighted pressures that may have an impact beyond this financial year alongside some potential savings. All figures are provisional and are summarised in the table below:

Area	Saving £	Pressure £
<p>SEN high needs – Overspend is relating to staffing costs that were previously funded from a ring fenced grant that has ceased. With the number of children being referred, then the Council has thus far been unable to reduce staffing numbers.</p> <p>The total pressure could be in excess of £100k pa in the future but a review is being undertaken to assess mitigating actions. Additional grant was received in 19/20 but position unclear for 20/21.</p>		£100k
Health and Safety – resources required to deliver ongoing health and safety responsibilities being considered		£50k
Local Plan - see Appendix H5		£195k
Adult Social Care - two high cost placements have transferred into the service - see Appendix H3/4		£400k
Fostering, Adoption & Care Leaver Service – High cost placements have put pressure on the budget – See Appendix H2		£300k
Children Looked After – See Appendix H1		£100k
Legal – pressures on the budget in 19/20 and with legislation changes in respect of Deprivation of Living Standard protocols applying to children and changes to the Family Court proceedings, the Council is doing some work to assess impact.		£60k
Commissioned Transport – See Appendix H6		£150k

Area	Saving £	Pressure £
Printing – going Digital First has seen the Council reduce the number of printers and the amount of printing undertaken. A saving of £20k is included at Q1 and up to £40k is anticipated	£40k	
Dog Warden contract – the Council has moved from a fixed price contract to a “pay as you go” which is estimated to deliver a saving of up to £20k	£20k	
Interest receivable – based on current returns and level of balances available to invest, the Council expects to exceed budgeted investment income	£100k	
Collection Fund surplus – the Council is likely to have a surplus on the Collection Fund arising from more houses coming into the rating system and lower than expected council tax support.	£130k	

2 CAPITAL PROGRAMME

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

2.1.1 The following table sets out the position against the Capital Programme as at the end of September 2019, including the total approved project budget, estimated outturn to the end of the projects and variances against budget.

	Total Project Budget	Prior Years Outturn (A)	Estimated Future Outturn (B)	Total Project Outturn (A+B)	Total Project Variance
	£000	£000	£000	£000	£000
Approved Projects					
Commercialisation	10,541	227	114	341	(10,200)
Asset Management Requirement	7,266	793	3,419	4,212	(3,054)
Strategic Aims and Priorities	8,052	4,713	3,182	7,895	(157)
Total	25,859	5,733	6,715	12,448	(13,411)
Financed By:					
Grant	(12,347)	(4,148)	(5,145)	(9,293)	3,054
Prudential Borrowing	(11,469)	(582)	(687)	(1,269)	10,200
Capital Receipts	(442)	(159)	(283)	(442)	0
Revenue Contributions	(552)	(274)	(278)	(552)	0
Developers Contributions	(1,049)	(570)	(322)	(892)	157
Total Financing	(25,859)	(5,733)	(6,715)	(12,448)	13,411

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

2.2.1 The approved capital programme was £28.557m as per the 2019/20 Quarter 1 Budget Monitoring Report (Report No: 114/2019). The net change to the capital programme is £2.699m, therefore giving a revised capital programme of £25.859m

	Project	Amount £000	Amount £000
Approved Capital Programme (Q1 Report No 114/2019)			28,557
Approvals Since Q1			
Strategic Aims and Priorities	S106 TPP - Greetham Community Centre (Delegated Approval)	10	
Asset Management Requirements	Museum Roof (Report 113/2019)	87	
Total Approvals Since Q1			97
New Capital Programme – Requesting Approval			
Asset Management Requirements	Air Conditioning Unit (2.2.2)	30	
Total New Capital Programme – Requesting Approval			30
Cancelled Capital Programmes			
Commercialisation	Oakham Enterprise Park - Phase 2a (Paragraph 2.2.3)	(2,025)	
Commercialisation	St Georges Barracks - Officers Mess (Paragraph 2.2.4)	(800)	
Total Cancelled Capital Programmes			(2,826)
Total Adjustments to Capital Programme			(2,699)
Revised Capital Programme 2019/20			25,859

2.2.2 Air Conditioning Unit – The Council is required to fund emergency work on two air conditioning units to be installed in the Catmose server room.

2.2.3 Oakham Enterprise Park – Phase 2a project has been removed from the Capital Programme in line with the corporate plan. The Council has been unable to secure a viable business case.

2.2.4 St Georges Barracks, Officer Mess – The Officer Mess has been cancelled as there is no viable business case for bringing the project forward in advance of the wider St Georges project. This will now form part of the St Georges Proposal.

2.2.5 Appendix I includes a detailed breakdown of the capital projects and current forecast and a full list of additions and withdrawals.

2.3 Unallocated funding – what are we holding?

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

Uncommitted Funding Held	Opening Balance 2019/20	Grant Awarded	Estimated Capital Financing for on hold projects	Estimated Capital Financing ongoing projects	Uncommitted Funding
	£000	£000	£000	£000	£000
Adult Social Care	(225)	0	0	0	(225)
Basic Needs	(2,913)	0	2,912	0	(1)
Capital Maintenance (education)	(1,017)	(154)	4	137	(1,031)
Highways & Transport	(2,212)	(2,313)	87	3,038	(1,400)
Schools Targeted Capital	(312)	(849)	50	944	(167)
Miscellaneous	(71)	(482)	0	514	(39)
Total					(2,863)
Developer Contributions	(6,586)	(1,294)	157	322	(7,401)
Capital Receipts	(1,443)	(50)	0	283	(1,210)
Total Uncommitted Funding Available					(11,474)

3 CORPORATE FINANCE UPDATES

3.1 MTFP – what changes have there been since the budget was approved?

3.1.1 The MTFP presents a position based on various assumptions and estimates about variables that are predominantly outside the control of the Council. The Council’s experience is that these can change over time and sometimes quite significantly. The MTFP is updated regularly to take account of government decisions, ministerial announcements and other information which means that assumptions need to be revisited.

3.1.2 In light of the Spending Review (detailed in 3.2), Ministerial promises and the Government’s Finance settlement technical consultation, the MTFP has been updated to show our best estimate of the latest position.

3.1.3 As we still await detailed allocations and the Local Government Finance Settlement itself, the position is likely to change further and is still shrouded in a degree of uncertainty. In overall terms, the latest MTFP shows a better position for 2020/21 than that anticipated at the time the 2019/20 budget was set.

3.1.4 The question is ‘what has changed?’. There are two key factors:

- a) the Government has not completed its review of Fairer Funding and the Business Rates Retention scheme. Both of these reforms were anticipated to leave the Council worse off from 20/21; and
- b) the Spending Review has promised new funding.

3.1.5 The table below explains the detailed reasons why we have moved from projecting a ‘loss’ of c£1.6m to a near ‘break-even’ position.

Funding / expenditure	Assumptions/What’s changed	Change £000
Predicted loss per MTFP at 19/20 budget setting		(1,580)
Net cost of Services (NCS)	Budget MTFP assumed we would lose Public Health grant of £1.2m and this would be replaced by additional Business Rates. This has been deferred so we are better off by c£1.2m at the NCS level. The £1.2m notional ‘gain’ is offset by a) pressures (both one off and recurring that will need to be confirmed and agreed during budget setting 20/21 – section 1.5 highlights potential issues) that have emerged as part of 19/20 and b) an additional 1% set aside for the pay settlement (the Unions have submitted a case for 10% and we have provided for 3% rather than 2% because of pre-election statements being made).	160
Business Rates	Budget MTFP assumed £1.2m Public Health grant would be included within business rates (linked to point	(200)

Funding / expenditure	Assumptions/What's changed	Change £000
	above) but we would lose an additional £900k through negative Revenue Support Grant (the Government's method for addressing the issue that our 'resources' are greater than our need). Neither is expected to happen in 20/21 which means we are only £200k worse off on this line than expected after other minor business rate changes.	
Grants	Additional social care grants are expected alongside the continuation of Rural Delivery grant which we expected to be removed as part of the implementation of Business Rates Retention. Changes to the New Homes Bonus Scheme are also factored into this position.	1,830
Collection Fund	The Council is predicting a surplus on the Collection Fund arising from greater council tax income than anticipated (more houses coming into rating and less benefits being paid)	190
Earmarked reserves	Council anticipated using earmarked reserves of £367k but in light of government grants to be received for social care, use of reserves is no longer planned in most cases.	(320)
Predicted surplus per Current MTFP		80

3.1.6 Over the medium term uncertainty prevails – the Spending Review covers one year only, the impact of Brexit is not yet fully understood and the General Election may result in a change of Government.

3.2 Spending Round 2019

3.2.1 The Government undertook the Spending Review 2019 on Wednesday 4 September. The key points to note are:

- It is a one-year spending review that covers only 2020/21. A multi-year spending review will be announced next year.
- Departmental spending will increase by 4.1% in real terms, whilst keeping within the government's fiscal rules. In overall terms, the Spending Review will deliver real growth in day-to-day departmental spending. Therefore, this funding settlement is different to those that were announced earlier this decade, when spending was falling in cash terms.
- Local Government (Department Expenditure Limits) DEL will increase by more than any other department. Local Government DEL will increase by 12.4% (£1.1bn in 2020/21). The bulk of the increase, however, is the increase in funding for the adult social care grants (£1.0bn).

- Core Spending Power (CSP is the amount of funding a Council will have available will increase by £2.9bn in 2020-21 (in cash terms, £2.0bn in real terms). CSP includes government funding and council tax. This means two things a) an increase in CSP does not necessarily mean more Government funding; and b) CSP is an estimate because it relies on assumptions about councils increasing council tax and on the increase in tax bases.
- Council tax - Councils will be able to increase Band D by 4.0% (2% for general use and 2% for Adult Social Care).
- Social care funding - existing social care funding will be rolled over into 2020/21 and that a further £1bn will be added to it via a grant. The Council will receive £712k in social care grant.
- New Homes Bonus (NHB) - NHB is not mentioned in the spending round but an indication of direction of travel has been given as part of the Local Government Technical Consultation. From the consultation it appears that we will get a payment for 1 year based on current year performance with payments being phased out from 21/22.
- Rural Services Delivery Grant - This grant is not mentioned. It forms part of CSP and we assume there will be no change in 2020/21.
- Business rates - Baseline Funding Levels (BFL) will be increased in line with the increase in the business rate multiplier.

3.2.2 The Governments technical consultation paper which was published following the Spending Review has confirmed some of the details and allowed the MTFP to be updated as explained in 3.1.

3.3 School Funding – what changes are emerging?

3.3.1 In the Spending Round, the Chancellor made various announcements relating to Schools. The key announcements included:

- The schools budget will rise by £2.6 billion in 2020/21, £4.8 billion in 2021-22 and £7.1 billion in 2022/23, compared to 2019/20 funding levels. Separate to this, each year the government will provide almost £1.5 billion of funding to compensate schools for the increased cost of employer pensions contributions.
- The minimum per pupil funding levels will be set at £3,750 for primary schools and £5,000 for secondary schools. The following year, in 2021/22, the primary minimum level will rise to £4,000.
- The Schools National Funding Formula (NFF) for 2020/21 will continue to have the same factors as at present.
- High Needs funding for 2020/21 will increase by £700 million.

- An increase to early years spending of £66 million to increase the hourly rate paid to childcare providers through the government's free hours offers

3.3.2 Since the Spending Review, the overall allocations for Schools have been announced. These show an increase of c£900k on the Schools Block and c£387k on High Needs. The impact for individual Schools is not yet known.

3.3.3 Whilst the additional funding is welcome, the Government has also announced a major review into support for children with Special Educational Needs. This announcement comes after a very critical National Audit Office (NAO) report which concluded that "The Department has increased school funding, particularly for high needs, but funding has not kept pace with the rise in the number of pupils". The report also criticised funding arrangements which incentivise exclusion rather than inclusion.

3.4 New Homes Bonus – latest position?

3.4.1 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. £1,670 for a Band D property). An additional £350 is received for each affordable home.

3.4.2 In terms of latest performance, the NHB allocation for 2020/21 is based on performance achieved between October 2018 and September 2019.

New Homes Bonus (Council Tax Band)	Start position CTB1 Oct 2018	Actual CTB1 Oct 2019	Movement from base
A	1,644	1,655	11
B	4,654	4,711	57
C	3,176	3,206	30
D	2,497	2,527	30
E	2,311	2,348	37
F	1,634	1,641	7
G	1,274	1,282	8
H	150	153	3
Properties	17,340	17,523	183
Empty Homes	183	181	2
Movement			185

3.4.3 The target in the MTFP was a movement in base of 203 properties which would have contributed £231,970. The 185 properties the base has moved will contribute £197,809.

3.4.4 NHB is paid on the number of band D equivalent properties; when the growth is converted to band D equivalents NHB will be received for 183 properties. This is due to a conversion rate of 99% as there are more properties built at below band D (110 of the 185 properties are band A to band C)

3.4.5 The updated MTFP (see para 3.1) includes the changes as a result of this.

3.5 Business Rates Forecast – what is the latest position?

3.5.1 The Council's budgeted position on Business Rates is £5.253m. The amount of rates budgeted comprises actual rates retained net of the levy (£197k, payable because the Council has achieved an actual outturn above its baseline) and tariff (£1.035m). The rates retained figure also includes compensation from DCLG (in the form of section 31 grants) for rates foregone due (c£921k) for implementation of Government policy e.g. small business rate relief.

3.5.2 The current position is showing that we would be in a slight surplus position for income we will receive in 2019/20 of c£40k.

3.5.3 The MTFP has not been adjusted for this position because it is too early to assess the impact on 2020/21 as overall rates retained will depend on perspective for growth, potential for appeals next year and eligible discounts.

3.6 Other updates

3.6.1 **Collection Fund** - 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.

3.6.2 The current surplus is c£190k which would be paid in 2020/21. This is mainly down to the Council tax base being higher than budgeted.

3.6.3 **Fees and charges: Green Waste** - The Green Waste service is on target to break even this year. With income projections higher than expected at £424k, both direct and indirect costs of providing the service are likely to be covered. The Revenue Account cost centre shows a forecast of £106,000 which covers the payback to the Invest to Save Reserve of £26,000 and general overheads and management costs which are shown elsewhere.

3.6.4 Given the current position, it is proposed that the Green Waste charge remains the same for 2020/21 at £35.00 and that no inflationary increase is applied.

4 FINANCIAL PERFORMANCE

4.1 Debtors – are we recovering our debts?

4.1.1 The Councils aged debt position is shown below. The items deemed to have a Red rating relate to accounts for social care where there may not be enough in the estate to cover the final bill.

Aged debt	Q2 £000
0-30 days	804
31-60 days	53
61-90 days	59
> 91 days	413
Total	1,329
By Directorate	
Corporate	693
People	386
Places	243
Resources	7
Total	1,329
By Recovery Rating	
Red	60
Amber	353
Green	916
Total	1,329

4.1.2 The debt position with the East Leicestershire and Rutland CCG has improved significantly with only £49k being over 30 days old. Over the last year the Council has been working with the CCG and has collected income in excess of £2.9m which has reduced the debt by over £0.6m.

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

4.2.1 In the second quarter, the Council's average interest rate received on investments has been 0.97% on an average investment balance of £40,041k, which is an increase from the 0.83% in 2018/19.

4.2.2 The rate achieved is above the 6 month 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 6 months – of 0.83%.

4.2.3 The Council is outperforming budget by c£160k with the rate of return in line with other council's performance. The table below shows our current investments as at 30 September 2019.

Investment Number	Amount Invested	Interest Rate	Date Invested	Maturity Date	Number of Days
Banks - UK					
1	1,000,000	1.10%	31-Oct-18	30-Oct-19	364
2	2,000,000	1.15%	15-Nov-18	14-Nov-19	364
3	1,000,000	1.15%	16-Apr-19	16-Jan-20	275
4	1,000,000	1.25%	16-Apr-19	14-Apr-20	364
5	1,000,000	1.25%	8-May-19	6-May-20	364
6	3,000,000	0.92%	7-Jun-19	5-Jun-20	364
7	1,000,000	1.15%	15-Nov-18	14-Nov-19	364
8	1,000,000	1.25%	18-Jun-19	20-May-20	337
9	1,000,000	1.15%	27-Jun-19	25-Jun-20	364
10	1,000,000	1.25%	28-Jun-19	26-Jun-20	364
11	2,000,000	1.00%	5-Sep-19	3-Sep-20	364
12	2,887,991	0.65%	Instant Access		
Building Societies					
13	1,000,000	0.85%	5-Apr-19	5-Jul-19	91
14	2,000,000	0.97%	8-Oct-18	7-Oct-19	364
15	1,000,000	0.97%	17-Apr-19	17-Oct-19	183
16	1,000,000	1.05%	17-Apr-19	17-Oct-19	183
17	1,000,000	1.05%	17-Apr-19	17-Oct-19	183
18	1,000,000	0.95%	17-Apr-19	17-Oct-19	183
19	1,000,000	1.00%	18-Jun-19	18-Dec-19	183
20	1,000,000	1.05%	24-Jun-19	20-Dec-19	179
21	1,000,000	1.00%	05-Jul-19	3-Jan-20	182
22	1,000,000	1.05%	16-Jul-19	16-Jan-20	184
23	1,000,000	0.95%	8-Aug-19	6-Aug-20	364
24	2,000,000	1.00%	18-Sep-19	18-Jun-20	274
Local Authorities					
25	2,000,000	0.70%	21-Aug-19	21-Nov-19	92
26	5,000,000	0.80%	30-Apr-19	15-Oct-19	168
Total	38,887,991				

Appendix B: Approved Budget Changes

This Appendix shows changes to the budget. In accordance with FPR's, Cabinet can approve variations 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. 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	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
Approved Budget Q1 (114/2019)	37,978	(746)	(36,840)	(391)	248	249	0	208	0	266
(i) Air Condition Unit Replacement	0	0			30	30	30			
(ii) Brexit Funding	105	0	(105)			0		105		
(iii) Additional BCF Funding	87	0	(77)	(10)		0				87
(iv) Use of Public Health Reserve	188	0		(188)	0	0				188
(v) Virtual School Head Funding	(30)					(30)				(15)
(v) School Improvement Monitoring Grant	(15)	0			0	(15)				(30)
Approved Budget at Q2	38,313	(746)	(37,022)	(589)	278	234	30	313	0	496

- i) £30k required to fund the purchase of two air conditioning units for the Councils IT server room. The current units failed and required replacing as a matter of urgency.
- ii) Ring Fenced Funding received to fund Brexit Preparations.
- iii) Additional BCF funding was received and is now included in the People budget
- iv) Additional projects are being undertaken in relation to public health which are to be funded from the ring fenced public health reserve
- v) Ring fenced funding received to fund the Virtual School Head post. The Council was funding this from General Fund Resources
- vi) Ring fenced funding received to fund Monitoring of School improvement. The Council was funding this from General Fund Resources

Appendix C: Reconciliation of Directorate budgets

This Appendix shows the changes to individual Directorate budgets and in accordance with Financial Procedure Rules identifies movement of budgets between directorates.

	Approved Budget 2019/20 £'000	Budget at Q1 2019/20 £000	Better Care Fund £000 (i)	Public Health £000 (ii)	Brexit £000 (iii)	Additional Ring Fenced Grant £000 (iv)	Support Staff Transfer £000 (v)	Budget At Q2 2019/20 £000
People	18,079	18,501	45	89		(45)	40	18,630
Places	12,253	12,509			105			12,614
Resources	6,492	6,738					(40)	6,882
Pay Inflation	65	65						65
Social Care Contingency	300	165	42	99				306
Net Cost of Services	37,189	37,978	87	188	105	(30)	0	38,313

- (i) Additional BCF funding was received and an minor adjustment to the programme was required from the reserve for the delivery of this years BCF Programme. The additional funding has replaced some elements of the programme that were funded by general fund and this is reflected by the transfer of some budget to the social care contingency
- (ii) The Council has drawn down additional resource to fund additional Public Health initiatives. The additional funding has replaced some elements of the programme that were funded by general fund and this is reflected by the transfer of some budget to the social care contingency
- (iii) Brexit funding was received to fund the Brexit preparations of the Council. This adjustment creates a budget for Brexit related costs to be allocated against.
- (iv) The Council has received two grants, School Improvement Monitoring (£15k) and Vitual School Head (£30k) to fund statutory functions that were already budgeted for.
- (v) Support staff and budgets have been transferred between the People Directorate and Resources to enable a more efficient service delivery. The two areas affected were services from Brightways and the Rutland Information Service

Appendix D: Virements

This Appendix shows virements made within Directorate budgets in accordance with para 4.10 of the Financial Procedure Rules by Directors and the Chief Executive/Section 151 Officer.

Function	Current Ceiling	Revised	Movement	Reason
Crime Prevention	274,500	199,700	(£74,800)	Transfer of Youth Offending Service between functions
Early Intervention - Universal and Partnership	386,300	461,100	£74,800	
ASC Community Inclusion	1,058,400	1,084,000	£25,600	Transfer of support staff
Corporate Support Services	884,800	859,200	(£25,600)	
ASC Support and Review - Other	385,020	399,220	£14,200	Transfer of Rutland Information Service Officer Post
Customer Services	408,400	394,200	(£14,200)	
Accountancy & Finance	686,100	642,000	(£44,100)	Transfer of £44,100 staffing budget to HR
Human Resources	526,600	570,700	£44,100	
Information Technology	1,400,500	1,460,500	£60,000	Transfer of Printer Budget to deliver new Contract
Corporate Support Services	944,800	884,800	(£60,000)	
Directorate Management Costs	330,900	295,900	(£35,000)	This is to cover the additional six months agency costs for the Highways Manager vacancy.
Highways Management	139,700	174,700	£35,000	
Directorate Management Costs	295,900	257,900	(£38,000)	This is to cover the six months agency costs for the Head of Property Services vacancy.
Property Services	1,058,400	1,096,400	£38,000	
Public Rights of Way	95,800	92,800	(£3,000)	Transfer for partnership agreement with the Department for Transport
Transport Management	325,900	328,900	£3,000	

Appendix E: People Budget Monitoring Summary

Function	Outturn 2018/19	Approved Budget	Revised Budget	Q1 Forecast	Q2 Forecast	Q2 variance to budget
	£000	£000	£000	£000	£000	£000
Directorate Management	1,627	1,859	1,886	1,800	1,793	(92)
Business Intelligence	130	147	159	155	154	(5)
Crime Prevention	250	275	200	269	206	6
Savings	0	0	0	0	0	0
Total Directorate Costs	2,006	2,281	2,245	2,223	2,153	(91)
Public Health	91	61	119	79	107	(11)
BCF Programme Support	90	90	107	107	105	(2)
BCF Unified Prevention	291	289	405	405	407	2
BCF Holistic Management of Health & Wellbeing	1,002	846	947	902	923	(24)
BCF Hospital Flows	1,047	991	1,044	1,037	1,042	(2)
Adults and Health (Ringfenced)	2,521	2,276	2,622	2,529	2,584	(38)
Non BCF Contract & Procurement	531	507	463	472	463	0
ASC Community Inclusion	854	1,058	1,084	1,039	1,027	(57)
ASC Prevention & Safeguarding	260	186	186	217	162	(23)
ASC Prevention & Safeguarding - Staffing	316	266	266	271	263	(3)
ASC Housing	138	150	207	73	104	(103)
ASC Support & Review - Daycare	216	218	218	204	218	0
ASC Support & Review - Direct Payments	756	766	766	832	848	82
ASC Support & Review - Homecare	1,775	1,835	1,835	1,721	1,773	(62)
ASC Community Income	(318)	(291)	(291)	(337)	(366)	(76)
ASC Support & Review - Other	259	289	399	337	351	(48)

ASC Support & Review - Residential & Nursing	2,987	2,831	2,831	3,070	3,269	439
ASC Support & Review - Staffing	431	584	584	551	521	(63)
ASC Hospital & Reablement	386	404	404	310	346	(58)
Adults and Health (Non Ringfenced)	8,592	8,803	8,952	8,761	8,981	29
Safeguarding	214	217	217	219	222	4
Referral, Assessment and Intervention Service	169	229	229	205	206	(22)
Permanency and Protection Service	422	406	406	445	587	181
Fostering, Adoption and Care Leaver Service	1,393	1,523	1,523	1,684	1,920	397
Early Intervention - Targeted Intervention	1,192	1,384	1,418	1,241	1,157	(261)
Early Intervention - SEND & Inclusion	342	276	276	339	276	0
Early Intervention - Universal and Partnership	348	386	461	349	421	(40)
Childrens	4,080	4,421	4,529	4,482	4,789	260
Schools & Early Years	468	328	312	350	330	18
Rutland Adult Learning & Skills Service (RALSS)	0	(29)	(29)	(11)	(133)	(104)
Learning and Skills	468	299	283	339	197	(86)
Total People - GF (Ringfenced)	2,521	2,276	2,622	2,529	2,584	(38)
Total People - GF (Non Ringfenced)	15,146	15,804	16,009	15,805	16,121	112
Total People (Excluding DSG)	17,667	18,079	18,631	18,334	18,705	74
Schools Dedicated Schools Grant (DSG)	(64)	0	0	317	560	560
Total People (Including DSG)	17,603	18,079	18,631	18,651	19,264	633

Appendix F: Places Budget Monitoring Summary

Function	Outturn 2018/19 £000	Approved Budget £000	Revised Budget £000	Q1 Forecast £000	Q2 Forecast £000	Q2 variance to budget £000
Directorate Management	231	234	363	280	299	(64)
Directorate Management Costs	231	234	363	280	299	(64)
Development Control	341	190	190	182	156	(34)
Drainage & Structures	196	175	175	176	181	7
Emergency Planning	32	31	31	34	34	3
Environmental Maintenance	1,128	1,149	1,149	1,146	1,152	3
Forestry Maintenance	113	101	101	91	100	(2)
Highways Capital Charges	1,532	1,614	1,614	1,614	1,614	0
Highways Management	180	140	175	156	191	17
Commissioned Transport	1,543	1,601	1,601	1,603	1,781	180
Lights Barriers Traffic Signals	111	143	143	129	133	(11)
Parking	(328)	(326)	(326)	(325)	(290)	35
Pool Cars & Car Hire	107	104	104	107	107	3
Public Protection	396	404	404	386	384	(20)
Public Rights of Way	82	96	93	86	90	(2)
Public Transport	820	843	843	845	832	(11)
Road Maintenance	486	399	399	412	413	13
Transport Management	275	320	329	335	300	(29)
Waste Management	2,415	2,307	2,307	2,328	2,352	45
Winter Maintenance	295	263	263	263	263	0
Environment, Planning and Transport	9,722	9,552	9,593	9,566	9,792	199

Planning Policy	265	486	582	609	635	53
Tourism	15	16	16	11	7	(9)
Health & Safety	19	39	58	44	58	0
Property Services	995	1,058	1,096	1,078	1,153	57
Building Control	(34)	(50)	(50)	(35)	(28)	22
Commercial & Industrial Properties	(151)	(243)	(243)	(295)	(248)	(5)
Economic Development	163	164	164	144	143	(22)
Culture & Registration Services	105	107	107	102	117	10
Libraries	485	455	455	462	454	(1)
Museum Services	375	393	393	394	400	7
Sports & Leisure Services	(24)	42	80	70	68	(12)
Development and Economy	2,212	2,467	2,658	2,585	2,758	101
Total Places	12,166	12,253	12,614	12,431	12,850	236

Appendix G: Resources Budget Monitoring Summary

Function	Outturn 2018/19 £000	Approved Budget £000	Revised Budget £000	Q1 Forecast £000	Q2 Forecast £000	Q2 variance to budget £000
Chief Executives Office	281	203	253	226	226	(26)
Directorate Management	275	303	303	301	302	(1)
Communications	173	164	169	179	180	12
Corporate Costs	127	151	151	155	155	5
Pensions	193	210	210	210	200	(10)
Audit Services	153	154	154	149	149	(6)
Insurance	245	257	257	255	249	(8)
Accountancy & Finance	578	686	642	630	621	(21)
Information Technology	1,389	1,401	1,461	1,434	1,438	(22)
Business Support Services	851	945	859	849	853	(6)
Members Services	192	219	219	219	220	2
Customer Services Team	273	311	394	383	367	(27)
Elections	67	151	151	125	125	(26)
Legal & Governance	434	430	460	456	526	66
Human Resources	467	464	571	554	530	(40)
Revenues & Benefits	286	405	405	309	334	(71)
Financial Support	27	40	40	33	35	(5)
Total Resources Directorate	6,011	6,494	6,699	6,467	6,511	(184)

Appendix H: Adverse variances over £25k

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.

Ref	Function	Reason for Overspend															
H1	Permanency and Protection Service	Children Looked After overspend due to accommodation costs of a new £75k placement. Children's Social Care staffing overspend due to agency costs whilst recruitment is taking place.															
	Budget £406k	Unaccompanied Asylum Seekers Children overspends are due to accommodation costs. The Council are investigating with the Home Office whether this can be claimed for. An update will be provided at Q3.															
	Forecast £587k																
H2	Fostering, Adoption and Care Leaver Service	Placements overspend is due to an increase in accommodation costs, such as a high cost placement of £263k from July. Due to demand for placements there has been an increased use of Foster Agencies.															
	Budget £1,523k	The table below shows how the number of service users has changed during the year (NB: in cost terms IFA and residential care placements are typically the highest cost and special guardianships lowest cost)															
	Forecast £1,920k																
		<table border="1"> <thead> <tr> <th>Area</th> <th>Q4 (2018/19)</th> <th>Q2 (2019/20)</th> </tr> </thead> <tbody> <tr> <td>Placements: Number of children in foster care</td> <td>12</td> <td>20</td> </tr> <tr> <td>Placements: Number of children with Independent Fostering Agencies or in residential settings</td> <td>8</td> <td>12</td> </tr> <tr> <td>Placements: Number of children in Special Guardianships</td> <td>23</td> <td>18</td> </tr> <tr> <td>Adoption: Number of children for whom adoption is the plan</td> <td>1</td> <td>1</td> </tr> </tbody> </table>	Area	Q4 (2018/19)	Q2 (2019/20)	Placements: Number of children in foster care	12	20	Placements: Number of children with Independent Fostering Agencies or in residential settings	8	12	Placements: Number of children in Special Guardianships	23	18	Adoption: Number of children for whom adoption is the plan	1	1
	Area	Q4 (2018/19)	Q2 (2019/20)														
	Placements: Number of children in foster care	12	20														
	Placements: Number of children with Independent Fostering Agencies or in residential settings	8	12														
Placements: Number of children in Special Guardianships	23	18															
Adoption: Number of children for whom adoption is the plan	1	1															
H3	ASC Support and Review - Direct Payments	There are two main reasons why this function is overspending. <ol style="list-style-type: none"> Care needs of some service users has been reassessed which has resulted in lower contributions from the CCG. Direct Payments for Older Peoples has seen an increased in service users from 27 at Q1 to 31 at Q2. 															
	Budget £766k																
	Forecast £848k																

Ref	Function	Reason for Overspend
H4	ASC Support and Review - Residential & Nursing	<p>14 new service users in the function during Q2 increasing costs significantly</p> <p>Funding from Continuing Health Care no longer received for 3 service users, which has seen a drop in income of £85k.</p>
	Budget £2,830k	
	Forecast £3,269k	
H5	Planning Policy	<p>The over spend relates to the work required to deliver the Local Plan (additional works of the Woolfox site and increased legal costs). Next year, it is envisaged there will be a further £195k pressure as the Local Plan goes through the Inspection process.</p>
	Budget £582k	
	Forecast £635k	
H6	Commissioned Transport	<p>Commissioned Transport is demand led and the over spend is spread across three cost centres. Overall numbers of students have increased from 1204 to 1261. The requirements for minibus and taxi routes have increased from 46 to 55 and 3 more parents are receiving mileage due to complex foster care placements.</p> <p>Children Looked after Transport - an increase in complex cases, 8 new foster care placements out of county requiring 5 new emergency taxi contracts to be put in place so that statutory obligations are met.</p> <p>Home to School Transport - due to increases in student numbers and student locations requiring taxi transport.</p> <p>SEN transport due to the complex needs of students currently being catered for and an increase in students with EHCPs who are eligible for free transport.</p>
	Budget £1,601k	
	Forecast £1,781k	
H7	Parking	<p>Parking charges were amended at the start of the financial year to simplify tariffs and the 30 min tariff is now be free to support town centre shopping. There is a shortfall against budget as the changes appear to have changed peoples parking habits. This is continually being monitored and the position will be updated at Q3.</p>
	Budget (£326k)	
	Forecast (£290k)	

Ref	Function	Reason for Overspend
H8	Waste Management	Refuse collection overspend is due to an indexation of 2.7% being charged for the service when initially the expectations were an indexation of 2.1%.
	Budget £2,307k	The Waste Management overspend is due to purchases of and repairs to plant and equipment. £20k
	Forecast £2,352k	The overspend is offset due to overachievement on green waste which will contribute more to the overheads to deliver the service. £21k.
H9	Property Services	The overspend in property services is due to agency costs required to cover vacant posts where recruitment has been unsuccessful and programmed capital works which did not progress as quickly as anticipated resulting in under capitalisation of salaries e.g. the removal of OEP Phase 2 from the capital programme.
	Budget £1,096k	
	Forecast £1,153k	
H10	Legal & Governance	The forecast on this budget is volatile and costs associated with SEN tribunal claims are increasing.
	Budget £460k	
	Forecast £526k	

Appendix I: Detailed Capital Programme

COMMERCIALISATION CAPITAL PROGRAMME								
Project	Project Description	Approved at Budget Setting	Movement in budgets within year	Total Project Budget	Prior Year Outturn	2019/20 Outturn	Estimated Project Outturn	Project Over/ (Under) Spend
		£000	£000	£000	£000	£000	£000	£000
PART CANCELLED Oakham Enterprise Park	The capital project for Oakham Enterprise Park is to develop the site to maximise the return on the asset (Report 170/2017 & 75/2019)	2,206	(1,915)	291	181	110	291	0
CANCELLED - St Georges- Officers Mess	The capital project is to move forward and agree the best option for the acquisition of the Officers Mess (Report 54/2018)	850	(800)	50	46	3	49	(1)
Investment Properties	The capital project is to support commercial investments to generate income towards RCC current level of service delivery (Report 6/2018)	10,000	0	10,000	0	0*	0	(10,000)
Invest to Save	The project is to support the council on any invest to save projects that have been identified. (Report 44/2019)	200	0	200	0	0*	0	(200)
Total Commercialisation Capital Programme		13,256	(2,716)	10,540	227	113	340	(10,200)

* Denotes projects currently on hold

ASSET MANAGEMENT REQUIREMENT CAPITAL PROGRAMME								
Project	Project Description	Approved at Budget Setting	New Projects approved	Total Project Budget	Prior Year Outturn	2019/20 Outturn	Estimated Project Outturn	Project Over/ (Under) Spend
		£000	£000	£000	£000	£000	£000	£000
School Maintenance	The capital project is to address maintenance issues in maintained schools and to support the smooth transition to Academy Status. (Report 184/2017)	455	0	455	389	66	455	0
Schools – Increase Schools Places	The capital project is to increase school places within Rutland. (Report 219/2016)	3,001	0	3,001	34	0*	34	(2,967)
Highways Capital Projects	The highways capital project is for the permanent repair of carriageways, footways, surface dressing and bridges in Rutland (Report 56/2019)	2,440	0	2,440	0	2,440	2,440	0
Integrated Transport Block	The capital project is for the improvement of new transport schemes within Rutland (Report 141/2018)	869	(248)	621	23	598	621	0
Barleythorpe Road Car Park	The capital project is to finalise the boundary landscaping at Barleythorpe Road Car Park (Delegated Approval)	6	0	6	3	3	6	0
Oakham Town Centre	The capital project is to support the future generation of Oakham Town Centre (Report 19/2017)	428	0	428	341	0*	341	(87)

* Denotes projects currently on hold

ASSET MANAGEMENT REQUIREMENT CAPITAL PROGRAMME (continued)

Project	Project Description	Approved at Budget Setting	New Projects approved	Total Project Budget	Prior Year Outturn	2019/20 Outturn	Estimated Project Outturn	Project Over/ (Under) Spend
		£000	£000	£000	£000	£000	£000	£000
Museum Roof	The capital project contributes towards the design and development tender package for the repair and replacement of the roof at Rutland Museum and Catmose Cottage (Report No 113/2019)	15	87	102	4	99	103	1
Catmose Boiler Renewal	The capital project is to replace the boiler and associated equipment at Catmose House. Works will be completed in the summer of 2019 (Report 74/2019)	0	98	98	0	98	98	0
Air Conditioning Unit	The capital project is to replace 2 air conditioning units in Catmose plant room. Works will be completed in 2019/20 (Requested approval at Q2)	0	30	30	0	30	30	0
Future Maintenance Requirements	The project is to support the development of a robust programme of works and development of costs for future maintenance on operational properties. (Report 193/2018)	85	0	85	0	85	85	0
Total Asset Management Requirements Capital Programme		7,299	(33)	7,266	794	3,420	4,214	(3,052)

STRATEGIC AIMS AND PRIORITIES CAPITAL PROGRAMME								
Project	Project Description	Approved at Budget Setting	New Projects approved	Total Project Budget	Prior Year Outturn	2019/20 Outturn	Estimated Project Outturn	Project Over/ (Under) Spend
		£000	£000	£000	£000	£000	£000	£000
Devolved Formula Capital	The funding is passed directly to schools to use for capital improvements to buildings and other facilities. (Ring- fenced funding)	11	0	11	0	11	11	0
Disabled Facilities Grant	The project supports disabled people to live more independently and safely in their own homes by providing home adaptations. (Ring- fenced funding)	221	57	278	0	278	278	0
SEND	The project provides Rutland with the opportunity for additional local education places to improve outcomes for children and young people with Special Educational Needs and Disabilities (SEND) and assist them as they mature into independence. (Report 86/2018)	1,049	0	1,049	3	1,046	1,049	0
Sports Grants	The project allowed communities to bid for funds relating to sports, recreation, leisure and community facilities (Report 80/2015)	500	0	500	343	0*	343	(157)
Rutland Agricultural Society	Cabinet approved a loan of £70k to Rutland Agricultural Society for the purpose of extending and improving the car park at the Rutland showground. (Report 8/2019)	70	0	70	0	70	70	0

* Denotes projects currently on hold

STRATEGIC AIMS AND PRIORITIES CAPITAL PROGRAMME (continued)

Project	Project Description	Approved at Budget Setting	New Projects approved	Total Project Budget	Prior Year Outturn	2019/20 Outturn	Estimated Project Outturn	Project Over/ (Under) Spend
		£000	£000	£000	£000	£000	£000	£000
Oakham Castle Restoration	Funding was awarded by heritage lottery, the project saw a 12th century curtain wall restored and improved, as well as works to the Great Hall. It also included a varied programme of events and family activities bring alive the history of the castle. (Report 229/2014)	2,400	0	2,400	2,167	233	2,400	0
Digital Rutland	The project supports the connecting of homes and businesses within Rutland to a faster broadband (Report 85/2019)	3,283	0	3,283	2,168	1,115	3,283	0
S106 – Third Part Payment	The projects are funded through S106 based on the individual agreement term and conditions (Delegated approval)	55	10	65	12	53	65	0
Great Casterton C of E Primary S106	The project is for extension works to provide wheelchair friendly access to a cloakroom and classroom. (Delegated Approval)	43	0	43	0	43	43	0
9 Buckingham Road - Extension	Cabinet approved the extension of a council owned property to create a five or six bedroom house. (Report 18/2018)	225	0	225	13	212	225	0
IT Projects	The allocation will support a number of IT capital projects within the council (Delegated Approval)	128	0	128	6	122	128	0
Total Strategic Aims and Priorities Capital Programme		7,985	67	8,052	4,712	3,183	7,895	(157)
Total Capital Programme		28,540	(2,681)	25,859	5,733	6,716	12,449	(13,410)

Appendix J: Medium Term Financial Plan

The MTFP shows spending plans and funding position for the current and next 4 years. The references (Ref) refer to assumptions in the table that follows.

Ref		2018/19	2019/20	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
		Outturn £	Original Budget £	Revised Budget £	Proposed £	Proposed £	Proposed £	Proposed £	Proposed £
1,2,18	People	17,667,000	18,079,200	18,630,900	18,589,200	20,272,400	20,724,000	21,241,200	21,772,800
1,2	Places	12,166,000	12,252,900	12,613,900	12,494,800	12,525,500	12,828,700	13,117,100	13,413,700
1,2	Resources	6,011,000	6,491,500	6,697,500	7,254,100	7,119,800	7,239,900	7,363,000	7,489,400
4	Pay Inflation Contingency	0	65,000	65,000	512,800	849,900	1,200,000	1,553,300	1,920,500
3	Housing growth costs		0	0	0	146,300	292,600	438,900	585,200
5	Needs Management		100,000	100,000	328,900	725,800	1,091,200	1,502,600	1,987,000
5	Adult Social Care Contingency / pressures	0	200,000	205,600					
	Net Cost of Services	35,844,000	37,188,600	38,312,900	39,179,800	41,639,700	43,376,400	45,216,100	47,168,600
	Capital financing and related items	(754,856)	(745,707)	(467,707)	(752,427)	(841,027)	(836,867)	(836,867)	(836,867)
21	Capital met from Direct Revenue	154,000	0	278,000	0	0	0	0	0
8	Appropriations	(2,241,000)	(2,310,400)	(2,310,400)	(2,310,400)	(2,310,400)	(2,310,400)	(2,310,400)	(2,310,400)
6	Capital Financing	1,644,144	1,764,693	1,764,693	1,797,973	1,709,373	1,713,533	1,713,533	1,713,533
7	Interest Receivable	(312,000)	(200,000)	(200,000)	(240,000)	(240,000)	(240,000)	(240,000)	(240,000)
	Net spending	35,089,144	36,442,893	37,845,193	38,427,373	40,798,673	42,539,533	44,379,233	46,331,733
	<u>Resources</u>								
15	Other Income	(482,500)	(658,276)	(776,276)	(964,063)	(1,106,639)	(1,177,011)	(1,253,299)	(1,253,299)
13	New Homes Bonus	(1,231,224)	(1,148,313)	(1,148,313)	(924,705)	(484,119)	(201,328)	0	0
17	Better Care Fund	(2,574,000)	(2,214,800)	(2,291,800)	(2,138,100)	(2,138,100)	(2,138,100)	(2,138,100)	(2,138,100)
14	Social Care In Prisons	(74,792)	(74,128)	(74,128)	(74,128)	(74,128)	(74,128)	(74,128)	(74,128)
16	Rural Delivery Grant	(848,500)	(848,500)	(848,500)	(848,500)	0	0	0	0
	Adult Social Care Support Grant	(84,800)	0	0	0	0	0	0	0
9	Under indexing of Business Rates Multiplier	(148,315)	(142,800)	(142,800)	0	0	0	0	0
10	Retained Business Rates Funding	(4,951,000)	(5,244,336)	(5,244,336)	(5,532,104)	(7,136,039)	(7,210,465)	(7,282,343)	(7,351,621)
	Government funding subtotal	(10,395,131)	(10,331,153)	(10,526,153)	(10,481,600)	(10,939,025)	(10,801,032)	(10,747,870)	(10,817,148)
11,12	Council Tax/Social care precept	(24,870,000)	(26,430,750)	(26,430,750)	(27,791,089)	(29,194,251)	(30,700,039)	(32,279,513)	(33,936,153)
20	Collection fund Deficit/(Surplus)	70,000	(65,000)	(65,000)	(190,000)	0	0	0	0
	Total available Resources	(35,195,131)	(36,826,903)	(37,021,903)	(38,462,690)	(40,133,275)	(41,501,072)	(43,027,383)	(44,753,302)
	Use of Govt grant/Income Received		0	0	(34,600)	(34,600)	0	0	0
19	Earmarked Reserve		227,000	227,000	27,000	0	0	0	0
	Ringfenced reserves		(226,000)	(198,000)	(35,000)	0	0	0	0
19	Contribution to /(Use) of Earmarked Reserves	121,000	438,000	(589,000)	(42,600)	(34,600)	0	0	0
22	Use of General Fund Balances	15,013	53,990	234,290	(77,917)	630,798	1,038,461	1,351,850	1,578,431
	Balance brought forward	(8,978,133)	(8,970,173)	(8,963,120)	(8,728,830)	(8,806,746)	(8,175,949)	(7,137,487)	(5,785,637)
	Balance carried forward	(8,963,120)	(8,916,183)	(8,728,830)	(8,806,746)	(8,175,949)	(7,137,487)	(5,785,637)	(4,207,206)

The MTFP assumptions

Ref	Expenditure /Funding	Assumptions/Commentary
1	Directorate Costs	<p>Directorate costs assume prior year as a starting point and build in inflation and any changes to National Insurance contributions.</p> <p>Inflation is built into the MTFP to cover potential cost increases. The level of inflation ranges from 5% for fuel (gas, electric etc.), 2% for general inflation (supplies and services) and specific % for agreed contracts.</p>
2	Pension contributions	The Triannual review of the Local Government Pension Scheme (LGPS) has been completed and the contribution rate will increase by 1% per annum for the next three years. The following rates are built in to the MTFP 22.7% (18/19), 23.7% (19/20) 24.7% (20/21) and 25.7% (21/22).
3	Housing Growth Costs	This is set aside to cover demand pressures from housing growth. Rather than increase individual budgets the Council will hold a contingency and allocate it when it knows where the demand pressure is e.g. Waste.
4	Pay Inflation Contingency	Council assumes pay inflation will be 1.5% pa from 20/21. The contingency for 18/19 and 19/20 reflects the latest pay offer of 2.64%. for 2020/21 an allowance of 3% has been made for any pay award.
5	Adult Social Care Contingency / Needs Management	This is set aside to cover demographic and demand pressures on Adult & Child and Social Care. Rather than increase individual budgets the Council will hold a contingency and allocate it when it knows where the demand pressure is e.g. home care, residential care etc
6	Capital financing	<p>The capital financing charges are made up of 2 amounts;</p> <ul style="list-style-type: none"> • Interest Payable - this is fixed over the life of the MTFP at c£1m per annum. This is all payable to the Public Works Loan Board (PWLB) • Minimum Revenue Provision (MRP) - An annual provision that the Council is statutorily required to set aside and charge to the Revenue Account for the repayment of debt associated with expenditure incurred on capital assets. It is assumed that MRP will be charged on an equal instalment basis from 18/19.
7	Interest	This represents the amount the Council expects to earn from investing cash balances held.
8	Appropriations	Directorate budgets include the costs of depreciation to show the full cost of services. This depreciation is removed for the purposes of setting council tax.

Ref	Expenditure /Funding	Assumptions/Commentary
9	Under indexing of Business Rates Multiplier	As part of the operation of the business rates retention system, we pay a levy on the growth in business rates. The surplus on the account has been redistributed to all Council's
10	Business rates	The amount to be retained under "Business Rates Retention" (BRR) scheme has been updated in line with the current year forecast and the likely business rates reset in 20/21 which will result in the Council paying a bigger tariff from its share of rates. The potential loss of income through appeals remains a risk and could have a significant impact on business rates revenue.
11	Social care precept	The MTFP contains an additional social care precept on council tax built in at 2% to deal with the rising costs of social care costs.
12	Council Tax	Tax rises built in at 2.99%. The tax base continues to increase with housing growth.
13	New Homes Bonus	The MTFP uses projections from Planning on new homes. The MTFP assumes NHB payments will be received for 4 years and that there will be no further modifications to the scheme. We will get a payment for 1 year based on current year performance with payments being phased out from 21/22
14	Social Care in prisons	Care Act funding for social care in prisons which is funded by a Department of Health grant.
15	Other Income	The other income includes miscellaneous grants.
16	Rural Delivery Grant	The MTFP builds in grant as per the Government 4-year offer amended in the 19/20 settlement.
17	Better Care Fund	The Better Care Fund (BCF) allocations are built in based on allocations announced in 2019/20.
18	Ring fenced grants	These grants are included within cost centres and not shown with other funding streams. The biggest ring fenced grant is for Public Health which is phased out from 21/22.
19	Earmarked Reserves	The Council earmarked reserves set aside for specific purposes. Where these are planned to be used the spending has been included within the relevant Directorate costs and the total funding used is shown as a Transfer from earmarked reserves in the MTFP.
20	Collection Fund Surplus	If a surplus or deficit remains in the Collection Fund at the year-end it is subsequently distributed to, or borne by the billing authority (in this situation the Council) and the preceptors (Police and Fire Authorities).

Ref	Expenditure /Funding	Assumptions/Commentary
21	Capital met from Direct Revenue	This represents the amount of revenue expenditure that is funding capital projects
22	General Fund	If the Council is spending more than the resources available, the balance is funded from General Fund balances. These balances have a recommended minimum level of £2m.