

CABINET

18 August 2015

QUARTER 1 FINANCIAL MANAGEMENT REPORT 2015/16

Report of the Director for Resources

Strategic Aim:	<i>Delivering Council Services within the Medium Term Financial Plan</i>	
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
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Ward Councillors	N/A	

DECISION RECOMMENDATIONS

That Cabinet:

1. Notes the 2015/16 revenue and capital outturn position as at Quarter 1.
2. Recommends the transfer of £80k refund of historic electricity charges to the Invest to Save Reserve.
3. Recommends to Council that the s31 grant of £55k received following the closure of the Independent Living Fund (ILF) is used to support 3 clients previously supported directly by the ILF (Appendix 1 para 1.50).
4. Notes the proposed transfers from earmarked reserves as shown in the table at Appendix 1, para 1.45 (to be finalised and agreed in the 2015/16 outturn).
5. Notes the split of Directorate budgets into new functional budget headings further to Council recommendation 2.4 (Report 59/2015) and recommends any changes.
6. Notes 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.
7. Notes 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.
8. Notes that the impact of the announcement of the Care Act changes for 1

April 2016 has not yet been fully assessed but will be assessed in advance of Quarter 2.

9. Recommends that in light of existing Directorate under spends that Directors propose one-off in year budget savings and recurring budget savings as part of Quarter 2 for Cabinet to consider.
10. Notes that PeopleFirst savings for 2015/16 are likely to be achieved.
11. Notes that the MTFP will be updated when further funding announcements are made by Government.

1. PURPOSE OF THE REPORT

- 1.1 To inform Cabinet and all members of the full year forecast position as at Quarter 1 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. Since the budget was approved various changes have been made. These are itemised in Appendix 2.

	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 deficit of £82k compared to a budgeted deficit of £525k. Whilst the position looks favourable, there are inevitably a number of important factors on the horizon that could further impact this position favourably or adversely. Appendix 1 para 1.4 gives more detail. The Council will keep these issues under review.</p> <p>Quarter 1 of 2015/16 sees the introduction of functional budgets for each Directorate. 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. It is the first time that Council has published information in this format and suggestions for improvement are welcome.</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	The Council approved its 2015/16 budget in February 2015. Since the budget was approved various changes have been made. These are itemised in Appendix 2.

	Key questions	Comments and where you can find out more
	was approved?	
3	Have we got any functions forecast to be overspent by £25k?	Yes, in total 4 out of 74. 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 15 out of 74. Directors are being asked to review whether under spends can be banked as in-year savings.
5	Will we achieve savings built into the budget?	Yes, the budget included savings of £786k. As at Q1 (para 2.35), the Council is on target to achieve savings of £758k. There is also a £300k savings targets in 2015/16 for PeopleFirst which should be achieved.
6	Are there new pressures emerging?	Yes, but pressures quantified can be contained within overall budget. Para 1.4 refers to potential pressures on the horizon.
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 – discussions are ongoing in respect of the next phase of roll out of Digital Rutland project. Appendix E of the Q1 Performance Report gives more detail.
9	Are there changes to the approved capital programme?	Yes, The revised capital programme has been increased by £3.710m since it was approved. For a detailed breakdown para 2.2 in Appendix 1 gives a full breakdown of changes.
10	Have there been changes to the MTFP?	The MTFP includes updates for the 14/15 outturn and Quarter 1. The impact of the Summer Budget on the MTFP has also been assessed but at this stage no major changes are envisaged. A further update will be provided in Quarter 2.
11	Are we on track to receive our budgeted amount for New Homes Bonus (NHB) for 2016/17?	Yes, the target for 2016/17 is 99% achieved with one quarter remaining.
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.
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 will be needed in 2015/16.

4. ALTERNATIVE OPTIONS

4.1 Cabinet is being asked to defer any changes to the budget, or in-year savings targets until later in the financial year. Cabinet could request changes as part of this report. Cabinet is also asked to recommend to Council that in year funding from the closure of the ILF is used to support 3 young adults. Whilst the grant received is not ring fenced, these young adults have complex needs and the Council has a statutory duty to support them.

5. IMPLICATIONS

5.1 FINANCIAL IMPLICATIONS

5.1.1 The report highlights the impact of the forecast on the MTFP. The General Fund balances will increase by c£443k above that budgeted for.

5.2 LEGAL AND GOVERNANCE CONSIDERATIONS

5.2.1 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 1 para 1.6 to 1.8 explains in more detail.)

5.2.2 There are no legal implications arising from this report.

5.3 EQUALITY IMPACT ASSESSMENT

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

5.4 COMMUNITY SAFETY IMPLICATIONS

5.4.1 There are no community safety implications.

5.5 HEALTH AND WELLBEING IMPLICATIONS

5.5.1 There are no health and wellbeing implications.

6. CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

6.1 As the Council is required to make savings over the medium term, the Q1 position is positive.

7. BACKGROUND PAPERS

None

8. APPENDICES

Appendix 1: Quarterly Monitoring Report

Appendix 2: Approved Budget Changes

Appendix 3: Reconciliation of Directorate Budgets

Appendix 4: Peoples Directorate

Appendix 5: Places Directorate

Appendix 6: Resources Directorate

Appendix 7: Variances of £100k

Appendix 8: Capital

Appendix 9: MTFP

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