

CABINET

14 June 2022

REVENUE OUTTURN FOR 21/22 AND 22/23 BUDGET UPDATE

Report of the Portfolio Holder for Finance, Governance and Performance, Change and Transformation

Strategic Aim:	All	
Key Decision: Yes	Forward Plan Reference: FP/120522	
Exempt Information	No	
Cabinet Member(s) Responsible:	Cllr K Payne, Portfolio Holder for Finance, Governance and Performance, Change and Transformation	
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Ward Councillors	All	

DECISION RECOMMENDATIONS

1. That Cabinet:

- a) Notes the provisional outturn (subject to audit and finalisation of business rates figures) on the revenue budget;
- b) Approves transfer to and from reserves of £2.425m (Section 6 and Appendix C);
- c) Recommends to Council use of new grants received in 22/23 of £2.082m (Appendix F);
- d) Recommends to Council use of existing grants (i.e. those hold at year end) £0.439m in the 22/23 budget (Appendix F);
- e) Approves use of 21/22 budget underspends of £0.486m in the 22/23 budget (Appendix C);
- f) Recommends to Council an increase to the 22/23 budget to cover additional costs as set out in Section 7.1 of £3m to be funded by General Fund (£2.742m), Earmarked Reserves (£0.318m);

- g) Notes that the approach to the way budget will be managed is set out in 7.1.4 and that budget will only be released when there is more certainty over estimated figures, potential savings in 22/23 and new burdens funding;
- h) Recommends to Council to set aside £300k for further requests for funding that will emerge over the coming months as more information becomes available regarding planned Government reforms and the status of local projects (Section 8.7) and that the Chief Executive and Strategic Director for Resources are given authority to allocate this funding;
- i) Recommends to Council to establish a High Needs earmarked reserve (no upper ceiling) to cover historic costs as per para 7.8;
- j) Notes that the MTFP assumptions in respect of pay inflation and other inflation have been updated (Section 8) and the revised MTFP showing a £2.6m funding gap in 23/24 is included in Appendix G.

2. That Cabinet:

- a) Notes the view of the Council's s151 Officer that the Council's future financial position remains extremely challenging, the projected financial gap for 23/24 is increasing and that whatever savings actions the Council takes further support from Government is likely to be required (Section 9).

1 PURPOSE OF THE REPORT

1.1 To inform Cabinet and all Members of the:

- provisional revenue outturn for 21/22 subject to audit;
- latest position on the 22/23 budget, including proposed changes since it was approved at budget setting;
- latest Medium Term Financial Plan position including the projected financial gap for 23/24.

1.2 An update on the capital outturn and capital programme is included in a separate Report (105/2022).

2 EXECUTIVE SUMMARY

2.1 Budget priorities for 21/22

2.1.1 The Council set two key financial priorities for 21/22:

- budget performance - the Council sought to reduce its budget deficit in year and to deliver an underspend on its budget whilst still achieving its corporate objectives. Any underspend would boost General Fund reserves and give the Council more time to address its future financial gap;
- reduce reliance on reserves - the Council sought to close the financial gap to no more than £1m in 22/23 and ultimately clear the gap in the longer term.

2.2 The context for 21/22: issues affecting financial performance

2.2.1 The local government landscape is and will always be characterised with risk and uncertainty but there was hope that some stability would emerge with the promise (a few years ago) of funding reforms and that big national issues (such as social care) would be tackled. Not only have these promises not yet been fulfilled but instead the global and national landscape is fraught with other issues which have elevated that uncertainty to unprecedented levels. The Covid-19 pandemic, the cost of living crisis, the impact of Brexit, labour shortages, the Governments reform agenda and now the war in Ukraine have added to the complexity of the local government landscape.

2.2.2 These issues and others have made for another challenging year which have impacted budget performance but will also impact the future. Locally, we received more Covid-19 funding, have been managing all year with unwanted vacancies, have seen suppliers struggle to manage cost pressures with some “giving back” work to the Council and we have dealt with “last minute” demands from Government. Each of these issues has slowed the pace of our local agenda and has made for a difficult year, one where our grip on the finances feels less tighter than what we would like.

2.2.3 The financial settlement for 22/23 was made in February and since that time the factors above have combined to create significant budget pressures in 22/23 and beyond. There is no additional support for these pressures.

2.2.4 We are going to have to accept that:

- We do not know how much funding we will get in the future but we should not expect more;
- If and when we receive funding for new duties, it may not be enough. We may not know this until we start delivering that work and neither will those who allocate the funding;
- We do not yet understand the full impact of the Brexit, the cost of living issues and the war in Ukraine but what looks increasingly clear is we are paying more and will have to pay more for what we deliver;
- We (the sector) are experiencing a national staffing crisis that is likely to mean that achieving full establishment is unlikely and that pay inflation is likely to increase beyond the 2% we originally budgeted for;
- We have to accept that our predicted financial gap will be volatile and decisions around local service provision will have to be made without the certainty we desire.

2.2.5 Against this backdrop, the Council must focus on what it can control – prudently managing its budget whilst reviewing all areas of expenditure so it can prioritise funds and identify where savings can be delivered. This is what we have focused on in 21/22 and will continue to be the focus moving forward.

2.2.6 Members and residents should note that despite action taken to date and careful

management of the 21/22 budget, the Council's financial position worsens and that whatever action it might take it may not be enough without further Government intervention and funding. This position is not unique to Rutland and others are much nearer the financial buffer than us.

2.3 Budget performance for 21/22

2.3.1 The Outturn is a surplus position of £3.062m compared to a budgeted deficit position of £320k as per Appendix A. This represents an under spend of £3.382m. The outcome of the financial year reflects many of the above issues. The table below shows the overall position:

	Revised Budget	Outturn	Planned Savings	Committed Funds	Unexpected Income	Unplanned Savings / (Pressure)
People	20,303	18,642	800	398	19	443
Places	15,003	13,906	115	604	50	329
Resources	7,234	6,729	62	123	0	319
Covid	218	(599)	0	31	786	0
Directorate Total	42,758	38,678	977	1,156	855	1,091
Pay Inflation	0	0	0	0	0	0
Social Care Contingency	104	0	104	0	0	0
Net Cost of Services	42,862	38,678	1,081	1,156	855	1,091
Appropriations	(2,479)	(2,479)	0	0	0	0
Revenue Contribution to Capital	87	46	0	44	0	(3)
Capital Financing	1,647	1,647	0	0	0	0
Interest Receivable	(240)	(116)	0	0	0	(124)
Net Operating Expenditure	41,877	37,776	1,081	1,200	855	964
Financing	(39,198)	(41,038)	0	1,224	617	0
Transfers to / (From) Reserves	(2,359)	200	0	(2,424)	0	(136)
(Surplus) / Deficit	320	(3,062)	1,081	0	1,472	828
Further details can be found in			3.2	3.3 and Appendix C	5.1 and 5.2 Appendices D and E	3.4

2.4 As explained in 2.3, the overall position represents a combination of factors:

- c£1.081m of planned savings. With savings already built into the 22/23 based on “underspends” to be achieved in 21/22, it was imperative that the Council delivered these planned savings of just over £1m.
- £1.5m of unexpected income – the Council has received many grants and has been either able to deliver priorities without spending them in full by using existing staff (this was often unintended but difficulties in recruitment meant it was necessary). The Council also benefited from winning a social care

ordinary residence case which meant it received £551k from Cambridgeshire County Council.

- £1m of unplanned net savings – the most significant savings were from unplanned vacancy savings. Staff under spends, which are likely to continue into 22/23, of nearly £1m were significant and reflect our own local recruitment challenges mirroring the picture nationally. Whilst staffing pressures have not significantly impacted big ticket priorities, there has been an impact on both the workforce and some aspects of operational performance and progress. We also financially benefitted from reduced demand in social care and legal and we were pleased to see discretionary income in areas like parking return to pre Covid levels. Worryingly, there were some areas where pressures were felt such as demand for commissioned transport, low interest returns on investments, and the pay award. Towards the end of the financial year there were some warning signs that that inflationary and other pressures were starting to hit as social care providers asked for additional funding to meet increased fuel costs and the impact of increased utility costs crystallised.

2.4.1 In achieving a £3.3m underspend, the Council has set aside unspent project budgets as they will continue to be required as projects continue into 22/23 and grants received late in the year which will be needed to support delivery of initiatives in 22/23. Amounts set aside are covered in Appendix C.

2.5 Looking ahead: 2022/23 and reducing reliance on reserves

2.5.1 The Council's ultimate aim is to live within its means and reduce reliance on reserves. Until the Council can achieve this, reserves will be used to prop up the budget. Keeping sufficient reserves is therefore very important in the short term.

2.5.2 The £3.3m underspend inevitably raises questions about the impact on the medium term but in essence it does not change the Council's position. In every year of the MTFP (from 23/24) we are projecting to spend more than our available funding and the gap is increasing. The £3.3m does nothing more than fund our "gap".

2.5.3 The 22/23 financial settlement and setting of the Council's budget were both finalised before the real impact of economic conditions was known. In early 2022/23 the combined impact of the picture described in 2.2 alongside the extensive reform agenda of the Government and local priorities is starting to become clearer. The Council has therefore completed a review of its budget and MTFP assumptions in light of all available information (Section 8).

2.5.4 The Council set a revenue budget which relied on General Fund reserves of £7k. This was better than the £1m target originally set. We have asked ourselves whether this position can still be held. The simple answer is No as a number of issues are impacting. The upshot means that significant budget revisions are required which will need to be funded from reserves. Importantly, the £3.3m 21/22 underspend will go a long way towards meeting these costs.

2.5.5 Emerging pressures in 22/23 comprise:

- a £1m historic liability associated with the special educational needs budget will need to be provided for (Section 7.8);

- a £150k payment to exit the leisure lease at Catmose College has been agreed by Council (Section 7.9);
- demand for key services continues to be volatile as shown in the Outturn and early signs for 22/23 indicate pressures (Section 7.4) in social care (current projections indicate a £520k pressure). Continued pressures in areas like transport mean additional cost of £300k are expected;
- the cost of living crisis experienced by households applies equally to us. Utility costs are expected to increase by £250k (Section 7.3) and inflation on key contracts are expected to be £210k (Section 7.5).
- labour shortages are expected to accelerate pay inflation and an increase of our pay provision from 2% to 4% could cost c£347k (Section 7.11);
- workload pressures from business as usual or new responsibilities that the Council has to prepare for are emerging and will need to be funded (albeit some will be offset by new burdens funding. Estimated costs are £535k. Given our vacancy levels (33 at the time of writing) then staff savings are likely to contribute towards some costs (Section 7.6);
- the expected rise in inflation will see our investment income increase to pre pandemic levels giving us a projected extra £100k (Section 7.7);

2.5.6 The list is not exhaustive. In particular workload pressures are such that further requests are likely but we are not yet in a position to give firm details. We envisage that further requests could total up to £300k (Section 8.7).

2.5.7 All of the above factors and others mean that the budget will need to be revised and that the Council will need to use earmarked and General Fund reserves to fund pressures as shown below.

	Non ringfenced reserves	General reserves	Fund	Total £000
March 2021	£8,516	£11,510		£20,026
March 2022 (after Outturn)	7,584	13,326		£20,910
Expected March 2023 (estimated)	5,147	10,578		£15,725

2.5.8 Beyond 22/23, at the time of setting the budget we were faced with an estimated financial gap of £2.2m in 23/24. We have now updated the MTFP for the 22/23 position and all available information including:

- favourable changes to Government funding as a rollover settlement is expected with funding reforms deferred (Section 8.4).
- contract inflation on big contracts to be retendered has been increased to reflect revised expectations (Section 8.5);

- pension contribution rates have been confirmed giving a saving from 25/26 (Section 8.2);
- business rates have been adjusted from 23/24 as compensation for under indexation is expected to increase (Section 8.5); and
- pay inflation has been adjusted in 22/23 and 23/24 (Section 7.11).

2.5.9 The expected gap for 23/24 is now £2.6m.

	23/24	24/25	25/26	26/27
Gap at Budget 2022	£2.212m	£3.239m	£3.648m	£4.659m
Gap now	£2.613m	£4.262m	£4.594m	£5.650m

2.5.10 The 23/24 gap does not include planned savings. The Council has been through its budget, line by line, but this has not yet been translated into a multi year work programme. The significant work agenda for 22/23 means that additional capacity may be required if savings are to be delivered in 22/23. The Council will also be appointing a business transformation partner by the end of June. The partner will help the Council develop a new business model and transform the way it works.

2.5.11 Importantly, no matter what action the Council takes, this may not be enough to achieve financial balance without further Government intervention. This position is not unique to Rutland and others are much nearer the financial buffer than us.

3 PERFORMANCE AGAINST BUDGET AT DIRECTORATE LEVEL

3.1 Overall performance

3.1.1 The table below shows the performance against budget at a Directorate level.

	Revised Budget	Outturn	Planned Savings	Committed Funds	Unexpected Income	Unplanned Savings / (Pressure)
People	20,303	18,642	800	398	19	443
Places	14,983	13,906	115	604	50	309
Resources	7,234	6,729	62	123	0	319
Covid	218	(599)	0	31	786	0
Directorate Total	42,738	38,678	977	1,156	855	1,071

3.1.2 To allow focus on the key issues, we have analysed performance across various headings.

3.2 Planned savings

3.2.1 The Council went into 21/22 trying to under spend its budget. In the year, it identified savings it planned to make in 22/23 in areas like social care. To give confidence that such savings could be delivered, officers planned to make similar savings in 21/22 rather than wait until 22/23.

3.2.2 Planned savings delivered are given below.

Directorate	Area	Amount £000	Brief Commentary
Resources	Insurance	32	Additional recharges to Commercial Properties and Schools
People	Childrens	300	Management of demand to deliver savings
People	Adults	480	Management of demand to deliver savings
Places	Highways Overheads	59	Increase in capitalisation of highways contractors' overheads in line with capital works
Places	Leisure & Culture	11	Reduced budgets where spending can be controlled e.g. stationary, books etc whilst a review is undertaken on how the service can be delivered differently.
Places	Digital Rutland	40	Dedicated project officer replaced with part time consultancy support (one off)
Resources	Revs & Bens	30	Reduction in staffing within the team.
Childrens	Early Intervention	20	New way of working led to a vacant post being removed from the structure.
Places	Oakham Cemetary	5	Reduction of hours of staffing during the winter months.
Total		977	

3.3 Committed funds

3.3.1 Sometimes, an under spend in the budget reflects issues of timing rather than a 'real saving'. This is particularly the case when that under spend is already committed to meeting a future cost. The committed funds category includes:

- Budgets for projects/grants received – where a budget spans more than one period then any unspent budget will be carried forward to the next period. A number of projects such as waste and leisure projects will continue into year;
- Initiatives – the workload and understaffing position in the year means that some “spending” may not have been delivered in the year as originally planned e.g. training, maintenance and consultancy support on key projects. The intention is for that spending to be delivered in 22/23;
- Reserved funds – there are some areas where unutilised funds are set aside to meet future costs e.g. hardship funds.

3.3.2 Whilst the Outturn assumes 'committed' funding, in line with Finance Procedure Rules, Members are asked to approve these commitments. The full list including rationale for carrying forward is given in Appendix C.

3.4 Unplanned savings (Staffing / Demand / Income)

3.4.1 Performance against budget includes various other movements which relate to three key areas: staffing, demand and other factors. The Table below shows a summary of where this has happened

Area	Amount
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	£000
Staffing (para 3.4.2 – 3.4.7)	954
Demand (para 3.4.8 – 3.4.11)	(125)
Income (para 3.4.12 – 3.4.14)	262
Total	1,091

3.4.2 **Staffing**

3.4.3 As Members will be aware, the staffing position in year has been extremely challenging and had a material impact on performance against the budget. This position is replicated across the sector where all Councils have struggled to recruit to core roles and to bring in additional resource even on a short term basis when funding has been available. The table below shows the key variances in relation to staffing by Directorate.

3.4.4 To illustrate the point, in 21/22

- 66 staff have left the Council;
- 61 new staff have started;
- Typically, there has 15 live recruitment on average each month. At the year-end there were 32 live recruitments; and
- £1.4m has been spent on agency staff.

3.4.5 The underspend (after the cost of agency) on staffing is shown below.

Area	Staffing
Finance	35
Project Manager	28
Information Technology	14
Business Support	81
Customer Services Team	27
Governance	33
Human Resources	26
Revs And Bens	30
Business Intelligence	30
Adults	96
Children	270
Places Directorate Management	159
Environmental Management	50
Highways Management	15
Transport Management	60
Total Staffing	954

3.4.6 The under staffing position and difficulties in bringing in extra resource is a key concern and has been highlighted on the risk register. Whilst service teams have had to focus on priority issues and key performance targets of the Council, the wider impacts include:

- scope for proactive work in some cases has been limited. For example, delivery of training and Members MyAccount have been deferred;

- debt management cycles were paused so that Finance and Revenues could focus on distributing grants;
- some contracts were extended e.g. waste, insurance and leisure to ease workloads in the short term;
- work planned on the long term capital plan was rescheduled as resources were diverted to the development of the new Local Plan.

3.4.7 The position is not tenable in the medium term and will impact our capacity to deliver on priorities.

3.4.8 **Demand**

3.4.9 As with all demand led budgets the position often fluctuates throughout the year. As discussed previously the Council have been actively trying to manage demand within Social Care budgets and the new practices have has positive impact on the outturn position, but countering this is the position on commissioned transport where we have seen a significant overspend.

3.4.10 The key variances on demand led budgets are shown in the table below, these amounts are over and above the planned saving amount.

Area	Demand (over) / underspend
Adults	86,600
Adults – provision for residency case. The council may incur backdated costs relating to a ordinary residency case.	(300,000)
Children	188,100
Commissioned Transport	(412,000)
Highways Maintenance – underspend in relation to drainage and street light maintenance	53,200
Winter Maintenance – underspend due to mild winter	25,000
Legal - reduced demand, greater use of in house resource, and selective use of third party providers	26,000
Waste	208,000
Total Demand Variance	(125,100)

3.4.11 Updates on how this affects the Medium Term Financial Plan can be found in Section 7.4.

3.4.12 **Income**

3.4.13 The Council has done well and overachieved on a number of income budgets. Some of these are due to income levels returning to pre covid levels quicker than expected, whilst some is due to increased demand.

3.4.14 Details of the areas that have seen extra income are shown in the table below.

Area	Income
Adults – more service users paying for care	10,000

Revenues & Benefits - Returned Court Costs	40,000
Cemetery Income	24,000
Highways Management	15,000
Parking Income – returned to pre pandemic levels.	100,000
Planning Income	73,000
Total Income Variance	262,000

4 MOVEMENTS FROM Q3 TO OUTTURN

4.1 As reported at Quarter 3, 70% of the Directorate budgets had been spent (in cash terms) but there was still 30% to “spend” (c£14m). We highlighted that whilst confidence in forecasts was high in some areas, there was still a great degree of uncertainty around the staffing position (with significant recruitment in progress at that time), demand-led budgets and grants.

4.2 This uncertainty has continued into Quarter 4 and at a Directorate the final position shows an underspend of £3.3m, a further underspend of £1.3m compared to Quarter 3. At a headline level, the movements reflect some uncontrollable and unpredictable factors including:

- Continued staffing issues with planned recruitment not being successfully concluded or additional vacancies;
- Project progress being slower than intended and therefore less budget spent;
- Grants not being fully spent or additional grants received where work will be delivered in 22/23;
- Additional fee income/contributions from third parties e.g. additional planning income of £73k from new applications, cemetery income picking up in quarter 4 by £14k;
- Mixed position on demand – in some areas it has not materialised as expected e.g. an extremely positive swing on waste management where gate fees reduction and reduced tonnages have produced a saving in Quarter 4.

4.3 Appendix B, we have analysed movements between Q3 to Q4 and explained movements in excess of £15k (rather than our usual £25k level). The movements have also highlighted some elements of practice and financial management that need to be improved and will be a focus for 22/23:

- Project/grant budgets – these are often forecasted in full rather than reflecting in year spend. These will now be held centrally and drip fed as required;
- Annual review – there are some areas that are reviewed annually e.g. provision on bad debts and housing benefits. More frequent review would highlight issues earlier;
- Staffing – assumptions around success of recruitment, use of agency need more rigour;
- Timing – timing of costs and income particularly around the year end can distort in year performance.

4.4 Details of changes to the way the budget will be managed are covered in 7.1.

5 COVID AND GRANTS (FINANCING)

5.1 Covid Position

5.1.1 The Council has received £2.871m in Covid-19 grants in 21/22. It also had £1.489m in reserves from 20/21** (outturn). The Council is now holding £0.613m relating to at the of March 2022 with £0.110m committed for 22/23. In year unexpected Covid income not used or contributing towards costs shown in Directorates has been accounted for in the General Fund. The Council has prudently managed the grants position over the last two years.

5.1.2 In particular:

- new burdens funding (received to bring in additional support/meet additional costs) has not been used in full with timescales not allowing resource to be sourced or staff not being available;
- support for third party providers (social care, transport) has been delivered in line with guidance;
- claims have been made for loss of income in line with the sales, fees and charges compensation scheme.

5.1.3 The table below shows the outturn position in relation to Covid grants. The detailed grant position for Covid can be found in Appendix D. It shows that it is the general Covid grants received which have been under utilised.

	Budget Position	Q3 Position	Outturn Position
Grant Income	2,871	2,351	2,871
Drawdown From Reserve	218	218	218
Total Funding	3,089	2,569	3,089
Expenditure	(2,871)	(2,072)	(2,270)
Ring Fenced Funding taken to reserves	-	-	30
Net position	218	497	788

5.1.4 The position at the year-end is better than anticipated at Quarter 3 because:

- CCG funding continued into the final quarter resulting in the Council not having to redeploy general Covid funding – 300k actually used was going to be funded by General grant but was funded by the Adult Social Care Workers Reward Funding;
- Additional amounts set aside for a further lockdown (as was expected pre-Christmas) were not needed e.g. community support, provider support, testing as this was met from health funding;

- Additional amounts set aside for software and staffing to support Omicron grants and remainder of Household Support Fund (announced pre-Christmas) were not used with work delivered using existing resources;
- Planned Catmose improvements were deferred as the “work from home message” was introduced by the Prime Minister.

5.1.5 The impact of Brexit, Covid-19, cost of living crisis all play into that picture. Whilst it is difficult to attribute impacts to Covid-19 specifically, the remaining Covid-19 funding held in reserves will help to meet extra costs should any Covid issues re-emerge.

5.2 Financing

5.2.1 Within the Councils budget there are grants that are ring fenced (kept within the Directorates they relate) and non-ringfenced (shown within the Financing line in the Medium Term Financial Plan).

5.2.2 There are some grants received in 21/22, many of which were received in the last quarter which have not been used but are committed for use in 22/23 or beyond. These are included as grant adjustments for 22/23 (Section 7.1 and 7.2).

5.2.3 Some are classified as unexpected because they contribute to costs already in the MTFP or requirements can be delivered within existing budgets.

Grant	Budget	Income	Committed	Unexpected income	Comment
Extended Rights to Free Travel	23	21	0	-2	Grant received at level less than original budget
Social Care in Prisons	74	86	0	12	Grant received at level above original budget
Cambridgeshire CC-reimbursement	0	551	0	551	Backdated legal claim relating to a residency case. One off funding.
Redmond Review- Audit Fees	0	26	0	26	Funding notified in March. The Council had already increased budget by £20k (report 66/2021) so this grant will help meet additional costs.
Transparency Code	0	13	0	13	New burdens funding given to support the transparency code (Freedom of Information requests, mandatory publications). The cost of delivering the Transparency code is already included within budgets.

Grant	Budget	Income	Committed	Unexpected income	Comment
Minor Grants Below £10k	0	17	0	17	
				617	

6 RESERVES

6.1 The Outturn includes transfers to/from reserves that reflect many of the issues describe above. The table below summarises the outturn position with details in Appendix C.

	£000
Budgeted drawn down from Reserves	(2,359)
Less use of Covid Reserve than budgeted - £848k planned, actual use £688k as pressure did not emerge in discretionary income areas	160
Use of Tourism Reserve	(20)
Drawdown from Customer Service reserve (My Account)	(4)
Outturn Drawdown from Reserves	(2,223)
Top up committed - projects/grants received	504
Top up committed - initiatives	135
Top up committed - reserved funds	1,786
Total Top up to reserves (Appendix C gives detail)	2,425
Reserve Movement	202

6.2 The budget for 22/23 includes using the vast majority of the committed funds above.

7 BUDGET 22/23

7.1 Overall position

7.1.1 In February 2022, the Council approved its budget following the local government finance settlement. Our normal practice is to review whether there are issues linked to the Outturn or other emerging issues (demand, inflationary pressure etc) that could impact delivery of “business as usual” and the 22/23 budget. This is particularly relevant in 22/23 given that budget setting and the settlement took place before the impact of the economic climate, cost of living crisis and market issues were fully known.

7.1.2 Each budget has been reviewed, budget managers have been consulted and MTFP assumptions have also been revisited. The Council is proposing changes as per the table below. The Council does have a budget contingency of £428k and proposes to redeploy this to offset the increased costs.

7.1.3 The Council is proposing to modify the way in which it manages the budget subject to approval. This is necessary because a) costs are uncertain, b) further staffing underspends are expected, c) new burdens funding is likely, and d) the profile of spend in relation to grants needs further consideration. Rather than increase individual budgets by the amounts proposed below, the Director for Resources, working with Corporate Leadership Team, will:

- alert managers that budget is available to meet additional pressures;
- seek further information about spending plans and timing;
- work with managers to assess what underspends might be achieved e.g. staffing or what further pressures might emerge;
- subject to the above, release budget to individual areas as required.

7.1.4 More information is available in each individual section or highlighted appendices.

Description	Net Cost of Services		Capital Financing	Funding	Transfer to/(from) Reserves	Spend on Capital	(Surplus) /Deficit
	£000		£000	£000	£000	£000	£000
Approved Budget (09/2022)	43,276		(931)	(39,656)	(2,683)	0	6
Contingency	(428)						(428)
Budget C/Fwd (7.2)	440		0	0	(484)	44	0
Grants (7.2)	2,459	(2,082)	0	0	(439)	0	(62)
Staffing (7.6)	835	(20)	0		(371)	0	444
Inflation/cost pressures (7.3)	299		0	0	0	0	299
Pay (7.11)	347						347
Investments (7.7)			(100)				(100)
Contracts (7.5)	216						216
Demand (7.4)	820						820
Leisure (7.9)						150	150
Local Plan (7.12)							0
High needs deficit (7.8)					1,025		1,025
Minor Budget adjustments	117	(86)			(49)	49	31
Ukraine (7.10)	956	(956)					0
Revised Budget	49,337	(3,144)	(1,031)	(39,656)	(3,001)	243	2,748

7.1.5 As we are still early in the financial year, there are also issues that are being monitored (Section 8.7) and further pressures may emerge.

7.2 New grants and budget/grants carry forward

7.2.1 The Council has received new grant funding in 22/23 for specific purposes which needs to be reflected in the budget. The Council also received grants in 21/22 which were not fully used. The total of the New Grant is £2.082m of which £0.062m does not require matching expenditure and an £0.439m from grant received in 21/22 giving a total of £2.459m extra expenditure within the budget.

7.2.2 The number and volume of grants is significant. Appendix F contains the details with an extra c£2.459m of grants being awarded/confirmed which has affected the Councils budget.

7.2.3 The typical approach is for the Council to include grant income in service budgets and assume it is spent in full in year whereas in reality this is not always the case. In value terms. While the risk is considered low as we have some certainty around the biggest grants, e.g. £150 energy rebate, we will mitigate any risk, by following the approach in 7.1.4.

7.2.4 For budget carry forwards the Council will only drawdown funds when we know the value required. Although we expect the full reserve to be required timing is not yet known. Appendix C details which budget carry forwards the council is requesting now and which will be held until further clarity on costs has been received.

7.3 Inflation and cost pressures

7.3.1 The Council has inflation built into the MTFP. Inflation rates vary for different type of costs and in some cases are driven by contractual requirements. Inflation is now running at around 9% and is expected to not return to the Bank of England target of 2% until December 2023 at the earliest.

7.3.2 The Council has £1.1m built in for inflation. At this stage, the Council is not minded to increase general inflation rates on all budgets but instead is proposing to change budgets where we are aware of significant pressures as listed below. Contract inflation is covered in 7.5.

	Detail	22/23 Original	22/23 Revised	Expected pressure
Coroner	The outturn for 21/22 was £80k. Revised budget to be reset at this level.	£57k	£80k	£23k
747 service	The 747 service has been re-commissioned by Leicestershire County Council and has resulted in an increase of £26k to our contribution. It is proposed to agree this for one year whilst alternatives are reviewed.	£21k	£47k	£26k
Utilities (gas, electricity, water)	The MTFP includes £560k for utilities across the Council estate. The inflation rate is just under 5%. It is proposed that additional budget of £250k is made based on agreed rates for 22/23.	£562k	£812k	£250k
Net increase		£640k	£939k	£299k

7.4 Demand

7.4.1 The Council has a number of budgets driven by demand/need. In 21/22 the Council was able to manage social care needs within budget. In commissioned transport, both service numbers and inflation created a significant overspend. The latest position on these budgets show expected pressures.

	Detail	22/23 Original	22/23 Revised	Expected pressure/ (saving)
Children's	A new high cost placement in Quarter 4 will have a full year impact of just under £300k based on current projections/	1,432k	1,732k	£300k
Adults	Based on current service user levels and increases to rates to cover costs experienced by providers, there is a potential pressure.	£6,816k	£7,096k	£280k
Unaccompanied asylum seeker children (UASC)	New lower cost placement expected to bring cost closer to grant income received.	£110k	£50k	(£60k)
Commissioned transport	On current demand levels, the pressure is c£146k. With the cost of individual contracts increasing significantly in quarter 4, a pipeline of SEN requests pending and the re-tendering of Home to School contracts shortly we would expect to see this pressure at least double.	£1,862k	£2,162k	£300k
Net increase		£10,220k	£11,040k	£820k

7.5 Contracts

7.5.1 The Council has reviewed the MTFP assumptions for its significant contracts and revisited assumptions as per the table below. Social care rates are covered in Section 8.3.

Contract	Position	Assumptions	22/23	23/24	24/25
Waste	Contract to end of March 2024 is based on CPI uplift annually. 22/23 rates not yet agreed.	Inflation rates change from c3% in 22/23 to 9% and 5% in 23/24. Expected new tender cost increased by 5%.	£216k	£329k	£545k

Contract	Position	Assumptions	22/23	23/24	24/25
Leisure	Contract to end March 2023	c£100k per annum built into MTFP. Aim is for contract to be cost neutral so budget removed from 23/24k.	£0k	(£100k)	(£100k)
Highways	Contract end May 2024	Expected cost in new contract uplifted by 10%. For 22/23 and 23/24 the work programme will be adjusted according to the budget.	£0k	£0k	£100k
Grounds maintenance	Contract End December 2023	Expected cost in new contract uplifted by 10%. For 22/23 budget left at current level	£0k	£15k	£45k
Net Increase			£216k	£244k	£590k

7.6 Workload and staffing resources

7.6.1 The workload for 22/23 is extremely challenging given some legacy Covid issues, the Government's reform agenda and local 'must do' priorities. Below, we have highlighted additional resource requirements that will allow the Council to meet its priorities and deliver on requirements.

	Pressure	One off/ Recurring	Value	New burdens expected
Revenues	Business as Usual pressure – maternity cover required for a key member of staff. Team has other vacancies being recruited to.	One off	70,000	No
Special educational needs	Business as Usual pressure – extra demand resulting in need for more staff to meet service need. Demand is not expected to reduce.	Recurring	70,000	No, further reforms may lead to more funding but this is unknown.
Equality and Diversity	Resource to deliver an Equality and Diversity	One off	11,000	No

	Pressure	One off/ Recurring	Value	New burdens expected
	Strategy for the Council. Council will be then asked to make choices about this duty is met moving forward.			
HR	Business as Usual pressure – Vacancies covered by short term support being provided by Leicestershire traded services.	One off	18,000	No
Finance	Business as Usual pressure – Vacancies covered by interim arrangements. Additional workload remains high with £150 council tax energy rebate, Homes to Ukraine scheme and other work.	One off	71,000	No
Adult social care reforms including Care Cap	<p>Project - The Council has to health and social care reforms including the Care Cap by October 2023. This is a significant project (8.3).</p> <p>Specialist project management support is being commissioned.</p> <p>There is a dialogue ongoing with Government department for help and support and new burdens has been promised (with delays down to May elections).</p>	One off	200,000	Yes, there is also a £25k underspend in 21/22 that can be used to support this project.
SEN	Project - The Council is joining the Delivering Better Value Programme and will require additional support (data analysts and finance) to support this programme of work. This is important	One off	30,000	No

	Pressure	One off/ Recurring	Value	New burdens expected
	given ongoing pressures and now that the Council is liable for the historic costs (7.8).			
Economic Development	Project - Interim support to deliver Levelling Up bid and bid for UK Share Prosperity Fund. Investment available in excess of £10m and would make a significant difference to the County.	One off	£65,000	Yes, grant of £20k is available plus £45k C/Fwd
Contingency	Contingency to bring in extra resource see 8.7.2		300,000	£300k from Reserves
Total resources required (estimated)			£835,000	

7.6.2 The Council recognises that the staffing position is volatile, that we are still recruiting to c30 posts in the establishment and that it is extremely likely that there will again be significant underspends in Quarter 1 and very likely beyond. On this basis, the approach set out in 7.1.3 will ensure that budget is released when it is clear whether some of the pressure can be funded from staff savings and when details of new burdens funding emerges.

7.6.3 The Council understands that asking for permission to commission additional resources at a time when we there are high levels of vacancies looks contradictory. Officers are looking at all options to source additional resources and it is very likely that we will seek to work with private sector organisations who have the skills, expertise and capacity we need. For example, for our economic development investment bids we will use a firm with experience of preparing bids rather than agency support. External professional resource brought in can provide the short term increase in capacity and skills the Council needs to get priorities delivered.

7.6.4 Looking beyond the above requests, the Council is tracking a range of issues which may require additional resources (see potential future pressures – Section 8.7).

7.7 Investment Income

7.7.1 Investment performance in 21/22 suffered due to low interest rates. Discussions with our treasury advisors indicate that interest rates will increase to offset inflationary impacts and will reach 3% in 22/23. Presently, rates of between 1-2% are now available for up to 12 month investments. We are expecting 22/23 investment returns to reach £200k, an increase on the current budget of £100k.

7.8 Special Educational Needs (high needs)

7.8.1 We have a historic high needs deficit of c£1m which has built up over time as the Council has sought to meet the needs of children. Our funding for high needs, via the Dedicated Schools Grant (DSG) has not been enough for us to meet legislative requirements so we have had to spend more to ensure that all needs are met.

Despite changes in practice supported by investment and capital investment to create more local specialist places, demand continues to increase.

- 7.8.2 Much of this issue is caused by the legislation itself which the Government plans to reform. On 29 March the Government published the SEND Review: Right support, right place, right time, a consultation on the special educational needs and disabilities (SEND) and alternative provision system in England. We await to see what change this might bring.
- 7.8.3 The local financial position is mirrored. The Government stated previously that DSG deficits were not the responsibility of the Local Authority and that “losses” would need to be recouped over time from the DSG. We now understand that this position was only a temporary reprieve i.e. the statutory override on the treatment of DSG deficits is due to come to an end in March 2023. This would in effect mean that DSG deficits return to local authority balance sheets and need to be covered by a contribution from the General Fund.
- 7.8.4 We have joined the LGA and others in lobbying against the current position. At a regional Finance meeting in May, it was clear that the debate around deficits continues and the Government recognise the impact this could have on Councils. Whilst hope remains that the position might change, this issue now needs to be dealt with at the year end. At this stage, we will declare a contingent liability in the statutory accounts and set aside the value of the deficit in an earmarked reserve.
- 7.8.5 The more worrying position is that deficits are predicted to continue. We are joining a national programme called Delivering Better Value (DBV) in SEND to work with external experts to try and address the issue and as explained in 7.7 some preparatory work will be undertaken.

7.9 Leisure liability

- 7.9.1 Further to the Councils project to look at the future of leisure provision, the Council agreed (Report 77/2021), to set aside £150k to cover the costs of exiting the lease at Catmose College.

7.10 Homes for Ukraine scheme

- 7.10.1 The Homes for Ukraine Scheme enables individuals, charities, community groups and businesses to volunteer accommodation and provide a route to safety for those forced to escape the country. The Council is administering this scheme locally for Rutland households who wish to support Ukrainian families.
- 7.10.2 The Council receives £10,500 funding for each individual supported under the scheme. Additional funding is received to fund £350 “thank you” payments to host families and £200 cash payments to individuals. Separate funding is also available for education but this does not cover special educational needs.
- 7.10.3 The Council will use its £10,500 per individual to fund its duties which include:
- DBS checks (Disclosure and Barring Service);
 - Property inspections;
 - Safeguarding checks for host families upon arrival;

- Reception welcome for refugees;
- Support to access benefits;
- Community integration; and
- Administer payments to host families (£350 each month).

7.10.4 The Council is projecting to support over 91 individuals. For the purposes of the budget we assume, for now, that the funding received will be spent. The Council does not know how many individuals it will end up supporting, is still learning about what the needs of individuals might be and how long they will need to be supported for. So for example, the £10,500 per individual may be spent over 3 years. At this stage we do not know.

7.10.5 There are funding risks relating specifically to social care and special educational needs. Any significant care or support package required is likely to exceed the allocation received. To date, there have been no significant packages commissioned.

7.11 Pay provision

7.11.1 The Council's pay provision assumes a 2% pay increase. The pay settlement has not been agreed for 22/23.

7.11.2 The UK is nearly at full employment (only 3.8% of the working population are out of work). We know from our own practical issues and those of suppliers we work with that labour supply is an issue. The Peterson Institute for International Economics in Washington, a prominent research group, said that 80% of the reason why the International Monetary Fund expects Britain's inflation to remain elevated for longer is the impact of its departure from the European Union on immigration and therefore labour supply.

7.11.3 Sector articles have warned that pay inflation is inevitable and organisations should be looking at nearer 4%. Move to a 4% pay provision would cost an extra £347k (this includes pay, national insurance and pension costs). The MTFP has been updated to include 4% in 22/23 and 3% in 23/24 reverting back to 2% from 24/25 when the Bank of England estimates it will have inflation back at 2%.

7.12 Local Plan

7.12.1 A new Local Plan was approved by Council (report 105/2021). A £1.545m reserve was created to resource the making of a new local Plan for the County, which included funding for the expected pressure of operating without a local plan.

7.12.2 A further £172.7k is requested to be added to the reserve at the year end. The £172.7k was from the underspend of the old local plan (£42.7k) and additional planning income received in 2021/22 (£130k).

7.12.3 The table below shows the outturn position of the local plan, which shows a pressure of £718k. If approved this will be offset by the additional £173k added to the reserve. Due to the uncertainty on some of the forecasted cost within the Local Plan we propose to set aside provision as required.

Local Plan	Budget	2021/22 Outturn	Forecast 2022/23	Future Years Forecast	Total Forecast	Projected Over-spend	2021/22 Addition (Para 7.12.2)
	£000	£000	£000	£000	£000	£000	£000
Local Plan 21/22	(940)	12	375	705	1,074	134	(43)
No Local Plan	(606)	(26)	303	913	1,190	584	(130)
Total Local Plan	(1,546)	(14)	660	1,618	2,264	718	(173)

8 MEDIUM TERM FINANCIAL PLAN

8.1 Overall

8.1.1 The MTFP projects expenditure, income and funding over the next few years. It shows whether there is a funding gap. The MTFP is built on various assumptions and is clouded by uncertainty. The issues highlighted in section 7 have been updated in the MTFP. Other assumptions which do not necessarily impact 2223 have also been reviewed. The summary is that the financial gap is increasing as shown below.

8.1.2 The table below summarises the adjusts discussed in section 7 and below, which shows the revised funding gap is getting larger. The detailed MTFP can be found in Appendix G.

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Use of General Fund Balances - Budget Setting	7	2,212	3,239	3,648	4,659	5,764
Financing Assumption Changes (8.4 & 8.5)	0	(851)	(588)	(602)	(618)	(633)
Pension Assumption Changes (8.2)	0	0	(133)	(275)	(296)	(319)
Remove Demand Contingency 22/23 (7.1.2)	(429)	(429)	(429)	(429)	(429)	(429)
Pay Inflation (7.11)	348	365	376	388	399	410
Demand Pressures (7.4)	820	850	882	914	947	982
Investment Income (7.7)	(100)	(100)	(10)	(10)	(10)	(10)
Leisure RCCO (7.9)	150	0	0	0	0	0
Contract Assumptions (7.5)	217	242	581	599	617	635
Inflation and Cost Pressures (7.3)	293	281	296	312	328	345
Workload and Staffing (7.6)	445	71	74	77	80	83
Minor Budget Adjustments	32	32	32	32	33	33
Grant Adjustments (7.2)	(62)	(60)	(60)	(60)	(60)	(60)
Revised Funding Gap	1,721	2,613	4,260	4,594	5,650	6,801
High Needs Reserve Creation (7.8)	1,025	0	0	0	0	0
Revised Use of General Fund	2,746	2,613	4,260	4,594	5,650	6,801

8.2 Pension Contribution rates

8.2.1 LGPS employer contributions for the period 1 April 2023 to 31 March 2026 have been confirmed as per the table below. The rates are less than those assumed in the MTFP from 2023/24.

	2022/23 Total equivalent rate	2023/24 Total equivalent rate	2024/25 Total equivalent rate	2025/26 Total equivalent rate
Actual	26.7%	27.8%	27.8%	27.8%
MTFP	26.7%	27.8%	28.8%	29.8%

8.2.2 There is no saving in 22/23 but there is a saving in 24/25 and 25/26. Saving is c£135k per annum.

8.3 Social care and implementation of the care cap

8.3.1 Based on announcements from Government, the Council has estimated what additional funding it will receive towards meeting the ongoing costs associated with the implementation of the care cap. – this could reach £1m in 24/25. Ongoing costs are likely to include staffing, IT, increased rates to suppliers and a contribution towards care cap costs. For now, the Council is not aware of what actual costs may be incurred as it is far too early in the project.

8.3.2 In the next few months, we will be undertaking some initial modelling which will highlight the possible gap in the MTFP under different supplier rates (i.e. homecare rate, direct payment rates etc). Presently, a Fair Cost of Care exercise is underway. This a process of engagement between local authorities, commissioners and providers, data collection and analysis by means of which local authorities and care providers can arrive at a shared understanding of the local cost of providing care. The cost of care exercise will help us identify the lower quartile, median and upper quartile costs in the local area for a series of care categories. The exercise will inform us at the rates we need to reach for the market to be sustainable.

8.3.3 As the work progresses, we will be able to estimate whether the proposed funding will cover the costs although we are unlikely to know for this sure until the reforms have been implemented.

8.4 Government funding

8.4.1 The expectation is that Fair Funding will not be delivered in 23/24 and may not be delivered in 24/25 either. As one year settlements tend to avoid a fundamental rebasing of funding with “losses” for individual authorities being minimised, the Council has increased its government funding and assumed a Comprehensive Spending Power increase of 2.5% rather than 1% for 23/24. This would give an additional c£575k per annum.

8.5 Business Rates

8.5.1 There have been no changes to business rate projections driven by local issues. There are some technical changes as we are assuming that the multiplier will be

frozen again in 2023/24 and that it will remain at 49.9p. Consumer Price Index (CPI) inflation is high and will continue.

8.5.2 This means that compensation (as the multiplier freeze we do not get inflationary increases on rates) payable is likely to be much higher than in 2022/23. The MTFP increase is £278k.

8.6 Council Tax and Council taxbase

8.6.1 Council tax rates are assumed to be at 3% for 23/24 onwards. No further work has been undertaken on the taxbase and this will be revisited in September when we have a clearer picture on collection rate and how they may be impacted by the cost of living crisis.

8.7 Potential future pressures

8.7.1 There are a number of issues being monitored including:

- Waste reprourement – continues into 22/23. Additional support may be required for financial evaluation as there is no in house capacity and initial quotes indicate project budget may not be sufficient.
- Highways reprourement – continues into 22/23. Project budget being evaluated.
- Leisure reprourement – continues into 22/23. Project budget being evaluated.
- Care Quality Commission preparedness – to be completed by 1 April 2023, no new burdens expected, initial view is additional support likely to be required.
- Protection of Liberty Safeguards – to be completed by 1 April 2023 although this may be pushed back. No new burdens expected but initial view is budget impact is considered to be significant.
- Elections Act 2022 – impact to be assessed particular around the implications of Voter ID.
- SEND Reforms – impact to be assessed but initial view is further resource will be required.
- Schools White Paper – work continues into 22/23 but initial view is further resource will be required.
- Governance – work pressures caused by elections and political changes under review.
- Asset management – final details are being confirmed but whilst the Council looks at future asset options, urgent repair work to the value of just under £500k may be required. This cost can be mitigated through the existing £250k revenue budget and capital receipts thereby avoiding further pressure on the General Fund.

- 8.7.2 In order to allow Officers to bring in resources as needed, we are proposing that the Chief Executive and Strategic Director for Resources be given £300k to be used for projects as required (using the principles set out in 7.1.4), funded from reserves (Brexit £266k as this reserve is no longer required and £34k from the social care reserve to fund social care requests). Full reporting on usage will be given in quarterly reporting.

9 SAVINGS AND LOBBYING

9.1 Savings programme

- 9.1.1 Notwithstanding the financial outlook, the Council must focus on what it can control if it wishes to reduce reliance on reserves.
- 9.1.2 The 23/24 gap does not include planned savings. As reported at budget setting, there are an increasing number of areas where the Council has no or limited influence over spending levels. The Council has revisited its budget in full and classifying spend into “controllable” and “non-controllable” categories. A series of options and questions has been drafted and presented to elected members for informal consideration to help inform next steps.
- 9.1.3 Subject to feedback, the Council will seek to develop a multi-year savings programme to take forward some preferred options. Ideally, the Council would prefer to be able to implement savings quickly but it will be difficult to deliver future savings without some impact on front line services although the Council will aim to mitigate impacts where possible. The Council must follow due process including working up options, considering risks impacts and undertaking any necessary consultation. The scale of savings required (and the capacity needed to deliver such savings) means that the Council may need to bring in external help to provide support.

9.2 Transformation

- 9.2.1 Members also approved budget for the Council to bring in an external partner to support “Council transformation” that not only helps tackle the financial gap but will help the Council develop a new business model and transform the way it works. This project is really important. The Council recognises that it must change if it is to meet current challenges.
- 9.2.2 The Council has had some informal conversations with advisers who have delivered similar projects elsewhere. The Council will go through a competitive process and is aiming to appoint a business transformation partner by the end of June.

9.3 Lobbying

- 9.3.1 Alongside the savings work, the Council has been lobbying for years for a better deal for Rutland in terms of core funding but also for specific rural challenges like transport.
- 9.3.2 It is clear from lobbying that under the current funding formula, the Government believe that Rutland is fairly funded. Whilst the Council does not share this view, the MTFP indicates that even a 10% change in funding (which in Government terms would be significant) would still leave the Council with a gap. So no matter what action the Council takes, this may not be enough to achieve financial balance

without further Government intervention. This position is not unique to Rutland and others are much nearer the financial buffer than us.

- 9.3.3 The Council would like to have a wider discussion with Government about the future role of local government, its remit and challenges alongside funding. Cabinet are considering how we might evolve our approach to lobbying accordingly.

10 CONSULTATION

- 10.1 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 outturn in future years, to understand pressures and to gauge resources needed to deliver workload requirements.

11 ALTERNATIVE OPTIONS

- 11.1 Cabinet is requested to make decisions about whether unspent budgets should be carried forward to 22/23. In many cases, these related to ongoing projects and it should be noted that officers may have already committed such budgets (i.e. work may have been started but not finished) or plan to do so for service delivery in 22/23. Cabinet can choose to approve the carry forwards or could still request that budget managers assess whether such expenditure can be absorbed within existing budgets or savings made elsewhere. Where this is not possible, there may be budget pressures later in the year.
- 11.2 Members are also being asked to make additional contributions to earmarked reserves. Members could choose to retain all funds in the General Fund Reserve rather than to prop up earmarked reserves. The former is not the preferred option for the reason that the establishment of earmarked reserves recognises that funds are likely to be needed for specific causes. Retaining such funds in a General Reserve could give the impression that the Council's financial health is better than what is actually the case.
- 11.3 Members are also asked to approve a series of new pressures for 22/23. Members could choose to ask budget managers to assess whether such expenditure can be absorbed within existing budgets or savings made elsewhere. As Members will be aware, Officers have only put forward pressures where these cannot be managed. Corporate Leadership Team have also considered all pressures areas and are proposing an approach to budget management that recognises the uncertainty that exists.
- 11.4 Cabinet is requested to note the current position and future outlook as set out in the MTFP. Cabinet could ask for different assumptions to be used in the MTFP but as it has been prepared using the latest available information this is not recommended.

12 FINANCIAL IMPLICATIONS

- 12.1 The report highlights the impact of the outturn for 21/22 and budget revisions for 22/23 on the MTFP. The 21/22 under spend is positive and will help subsidise budget revisions for 22/23. For 23/24 onwards the MTFP assumptions give an estimated gap of £2.6m.

13 LEGAL AND GOVERNANCE CONSIDERATIONS

13.1 There are no legal implications arising from this report.

13.2 The recommendations include requests for approvals to carry forward budgets, transfer funds to reserves, amend the budget for new pressures and new grants and establish a new reserve for donations. All the above recommendations are made in accordance with the Council's Financial Procedure Rules.

14 EQUALITY IMPACT ASSESSMENT

14.1 An Equality Impact Assessment (EqIA) has not been completed for the following as this report does not impact on Council policies and procedures.

15 COMMUNITY SAFETY IMPLICATIONS

15.1 There are no community safety implications.

16 HEALTH AND WELLBEING IMPLICATIONS

16.1 There are no health and wellbeing implications.

17 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

17.1 The report updates Cabinet and all members of the outturn for 21/22. The report also asks Members to approve budget carry forwards and transfers to/from reserves and new pressures for the 22/23 budget. The Council still needs to address the funding gap as highlighted in the summary from the s151 officer.

18 BACKGROUND PAPERS

18.1 None

19 APPENDICES

Appendix A1	Budget Changes 21/22
Appendix B1	People Directorate
Appendix B2	Places Directorate
Appendix B3	Resources Directorate
Appendix C	Committed Funds
Appendix D	Covid Position
Appendix E	Directorate Detailed Grants 21/22
Appendix F	New/Drawdown of Funding 22/23
Appendix G	Medium Term Financial Plan

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Appendix A. Approved Budget 21/22 changes

This Appendix shows changes to functional budgets and other budget changes. In the final quarter, changes relate primarily to new grants.

Description	Net Cost of Services £000	Capital Financing £000	Funding £000	Transfer o/(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 (08/2022)	42,691	(1,071)	(39,198)	(2,208)	87	301	53	285	1,545	252
Drawdown Asset Review Funding (113/2021)	92	0	0	(92)	0	0	92	0	0	0
SEN Provision Start Up Funding (71/2019)	46	0	0	(46)	0	0	46	0	0	0
Building Control Partnership Implementation costs (180/2021)	20					(20)	20			
Local Plan Drawdown*	13	0	0	(13)	0	0	0	0	0	0
Revised Budget	42,849	(1,071)	(39,198)	(2,346)	87	281	211	285	1,545	252

Figures shown in brackets denotes income/surplus position

*Approval was given by Council for the drawdown. The £1,545k is the total approved funding for the New/No Local Plan expenditure.

Appendix B. Directorate Outturn

B1. PEOPLE DIRECTORATE

The Directorate Summary shows the performance against budget.

Key	
1 - Underspend with no impact next year (one off)	2 - Underspend with budget adjustment to be done in Q1 or already done
3 - One off underspend requested to be used next year	4 - Overspend with no impact next year (one off)
5 - Overspend where budget has been or needs to be adjusted next year	6 – Emerging pressure in 22/23 arising from new issues

Function	Revised Budget	Q3 Forecast	Q4 Outturn	Variance to Budget	Key	Budget Carry Forward	Transfers to/(from) Reserves	Comments
Directorate Management	1,815	1,748	1,833	18	4			<p>Interim cover within Childrens Services for a Team Manager who left in February.</p> <p>The movement from Q3 is due to an increase in staffing costs (£30k) for the pay award, additional agency costs £25k to cover vacancies, and £15k permanent staffing starting in the period.</p> <p>There are still vacancies in the team being covered by agency so pressures may continue into 22/23</p>
Business Intelligence	199	151	144	(55)	6	25		Staffing vacancies throughout the year, the team still have one vacancy which is current being recruited to.

Function	Revised Budget	Q3 Forecast	Q4 Outturn	Variance to Budget	Key	Budget Carry Forward	Transfers to/(from) Reserves	Comments
								Consultancy budget of £39k was in place to deliver Liquid Logic improvements, but only £13k was spent as work was reprioritised due to vacancies and Covid. Business Intelligence will be involved in implementation of Care Cap project in 22/23 and additional resources will be sought for this.
Total Directorate Costs	2,014	1,899	1,977	(37)		25	0	
Public Health	52	(5)	(61)	(113)	1		113	Public Health (PH) underspend created by reduced demand for sexual health services and health checks. Underspend is ringfenced to PH and will be taken to PH reserve
BCF Programme Support	124	121	93	(31)	1	54		There is an underspend of £14k on staffing arising from two vacancies in the year. A £25k under spend on the social prescribing online platform as the procurement was delayed. It is currently out to tender. £16k underspend on Lifeline and associated peripherals due to reduced demand. Underspend is ringfenced to the Better Care Fund (BCF) and will be taken to BCF reserve.
BCF Unified Prevention	441	432	431	(10)				
BCF Holistic Management of Health & Wellbeing	914	935	889	(25)				
BCF Hospital Flows	1,240	1,240	1,251	11				
Adults and Health (Ringfenced)	2,771	2,723	2,603	(168)		0	167	
Non BCF Contract & Procurement	469	438	448	(21)	1			Staffing vacancies which are now filled and a staff member reducing hours due to taking flexible retirement.

Function	Revised Budget	Q3 Forecast	Q4 Outturn	Variance to Budget	Key	Budget Carry Forward	Transfers to/(from) Reserves	Comments
ASC Housing	124	110	128	4	4			
ASC Community Inclusion	1,038	1,016	1,062	24	2			<p>At Q3 the position assumed successful recruitment to posts that were being advertised, however that was not the case and agency staff was required to fill vacancies which cost c£20k above vacancy savings.</p> <p>Contributions from other Local Authorities to the Council Day Opportunities Service reduced (£20k) in Q4 as there was lower demand for this provision. This may cause a pressure in 22/23, but will be linked to demand pressures across the whole of ASC in 22/23 7.4)</p>
ASC Prevention & Safeguarding	120	20	29	(91)	2			<p>This service includes support to carers. The expenditure budget was £200k which is part funded by a contribution from the Better Care Fund £90k. During the year the number of carers receiving Direct Payments has dropped from 52 to 41. The expenditure is demand led whereas the contribution is fixed.</p>
ASC Prevention & Safeguarding - Staffing	334	339	347	13	2			
ASC Support & Review - Daycare	202	13	13	(189)	2			<p>£125k of this relates to a day care contract at the Brambles facility expired June 21 and was not be renewed as service need is being met in a different</p>

Function	Revised Budget	Q3 Forecast	Q4 Outturn	Variance to Budget	Key	Budget Carry Forward	Transfers to/(from) Reserves	Comments
								way through Direct Payment costs. Saving continues into 22/23.
ASC Support & Review - Direct Payments	1,013	1,348	1,501	488	2			Overspend includes a provision of c£300k for historic costs that the Council may be liable for subject to the outcome of a legal challenge. The number of service users using the provision has increased from 30 at the start of the year to 36 at the end of Q4. This increase is partly due to the closure of the Brambles service. Alongside this the average cost of Direct Payments has risen from £19k in 20/21 to £26k in 21/22.
ASC Support & Review - Homecare	1,882	1,910	1,870	(12)	2			
ASC Community Income	(380)	(442)	(448)	(68)	2			Average contributions from service users has risen from £4k in 20/21 to £4.7k in 21/22. The number of service users on average contributing to their care in 21/22 was 95 but this does fluctuate from a high of 108 to a low of 82.
ASC Support & Review - Other	325	288	290	(35)	2			Underspend is due to agency worker leaving in Oct and service not able to replace in 21/22.
ASC Support & Review - Residential & Nursing	4,064	3,598	3,528	(536)	2			When the budget was set the number of services users was low (86) and it was expected that we would return to pre pandemic levels (c120) as the year progressed, however the growth never materialised with numbers staying low.

Function	Revised Budget	Q3 Forecast	Q4 Outturn	Variance to Budget	Key	Budget Carry Forward	Transfers to/(from) Reserves	Comments
ASC Support & Review - Staffing	534	499	437	(97)	2			Underspend due to staff vacancies, which have continued into 22/23, recruitment is ongoing and expected to be resolved in Q1 of 22/23.
ASC Hospital & Reablement	471	472	436	(35)	2			Majority of the underspend relates to underspend on supply of aids for daily living contract due to reduced activity.
Adults and Health (Non Ringfenced)	10,196	9,609	9,641	(555)		0	0	
Safeguarding	354	297	320	(34)	3		113	£113k of grant income received for Domestic Abuse New Burdens has not been used in year and needs to be transferred to reserve to be used in 22/23 to meet new statutory responsibilities. Staffing overspends of £79k arising from agency but recruitment has now been completed.
Referral, Assessment and Intervention Service	259	204	175	(84)	1			Underspend due to 3 vacancies, which were held for 6 months at the start of the year to allow qualifying student social workers to move into permanent positions.
Permanency and Protection Service	625	476	322	(303)	2			c£110k of underspend relates to a planned under spend to meet the Childrens savings as student social worker posts have been removed from the budget as they have been placed in permanent positions.

Function	Revised Budget	Q3 Forecast	Q4 Outturn	Variance to Budget	Key	Budget Carry Forward	Transfers to/(from) Reserves	Comments
								<p>The Council received a £50k grant in Quarter 4 for support care leavers which contributed towards existing costs.</p> <p>The remainder of the underspend relates to Unaccompanied Asylum Seeking Children. The Council have found a lower cost provision for the service users. This saving is expected to continue into 22/23, however it will be limited on places available when the Council need them.</p>
Fostering, Adoption and Care Leaver Service	1,916	1,820	1,827	(89)	2			<p>The number of Children Looked After (CLA's) has fallen from 32 to 25 resulting in savings of £232k. Further savings have been achieved by increasing foster care capacity rather than using Independent Fostering Agencies (IFA). The annual difference can be between £20k and £40k depending on need. The number of IFA's has reduced from 9 at the start of the year to 6 by the end of Q4.</p> <p>The number of Care Leavers has increased from 34 to 38 during the year, creating a pressure of £149k. Importantly, more care leavers require higher cost placements because of their needs.</p>

Function	Revised Budget	Q3 Forecast	Q4 Outturn	Variance to Budget	Key	Budget Carry Forward	Transfers to/(from) Reserves	Comments
Early Intervention - Targeted Intervention	1,149	939	924	(225)	2			<p>Underspend of £152k as 3 service users have transitioned into different areas of support within the Council. Due to lower demand across all areas of social care a budget transfer was not required. Lower demand has been factored into the children's savings in 22/23</p> <p>The remainder of the underspend relates to staff vacancies. The staffing position is now resolved but does continue to be a risk area.</p>
Early Intervention - SEND & Inclusion	439	433	400	(39)	1			<p>Underspend due to staff vacancies throughout year. The staffing position remains a challenge leading into 22/23 with further investment required to support the SEN process as demand continues to rise in this area. There is a request to invest in this area see para 7.5.</p>
Early Intervention - Universal and Partnership	317	222	248	(69)	2			<p>Underspend relates to:</p> <ol style="list-style-type: none"> 1. Closure of Jules House £25k – premises not used giving rise to utility savings etc 2. Staffing underspends £20k – one post removed in 22/23 budget as part of agreed savings. 3. Underspend on Youth Offending contract £10k due to negotiated

Function	Revised Budget	Q3 Forecast	Q4 Outturn	Variance to Budget	Key	Budget Carry Forward	Transfers to/(from) Reserves	Comments
								lower rate. £10k removed in 22/23 budget. 4. £10k due to less use of materials and equipment as services were delivered remotely for part of the year.
Childrens	5,059	4,391	4,216	(843)		0	113	
Schools & Early Years	264	181	161	(103)	1		93	The Council received funding to help schools and the early years sector to bounce back from the pandemic. The underspend from these Catch Up Premium (£23k), Pupil Premium Plus (£16k) and (£20k school improvement and Brokering Grant) will be transferred to reserves to support the sector in 22/23. The Council did not deliver as much training to the Early Years sector due to the pandemic and the restrictions in place. The under spend from this (£33k) will also be placed in reserves for use in 22/23.
Rutland Adult Learning & Skills Service (RALSS)	(1)	30	48	49	4			Overspend due to reduction in take up for courses and grant income reduced from the DfE. The college is expected to return to pre pandemic levels of take up in 22/23.
Learning and Skills	263	211	209	(54)		0	93	
Total People (Excluding DSG)	20,303	18,833	18,646	(1,657)		25	373	

Figures shown in brackets denotes surplus position

B2. PLACES BUDGET MONITORING SUMMARY

The Directorate Summary shows the performance against budget.

Key	
1 - Underspend with no impact next year (one off)	2 - Underspend with budget adjustment to be done in Q1 or already done
3 - One off underspend requested to be used next year	4 - Overspend with no impact next year (one off)
5 - Overspend where budget has been or needs to be adjusted next year	6 – Emerging pressure in 22/23 arising from new issues

Function	Revised Budget	Q3 Forecast	Q4 Outturn	Variance to Budget	Key	Budget Carry Forward	Transfers to / (from) Reserves	Comments
Directorate Management	390	255	231	(159)	2			Underspend due to two Head of Service posts being vacant covered by Interims for part of the year and a Project Officer post still vacant. Permanent recruitment is underway for the two Heads of Service positions.
Directorate Management Costs	390	255	231	(159)		0	0	
Drainage & Structures	170	151	145	(25)	1			Underspend on structural maintenance due to availability of Tarmac to undertake works. It is expected that next years budget will be sufficient for the level of works required.
Crime Prevention	117	111	108	(9)	1			
Environmental Maintenance	1,424	1,426	1,348	(76)	1			There are 2 main reasons this cost centre has underspent. The first is due to Interim arrangements for the Head of Service changing during the year resulting in an underspend of £40k due to the revised rate

Function	Revised Budget	Q3 Forecast	Q4 Outturn	Variance to Budget	Key	Budget Carry Forward	Transfers to / (from) Reserves	Comments
								<p>being lower than budgeted. This was included in the Q3 forecast. The second reason was due to higher than expected cemeteries income during the year of £25k. This position was expected to be c£10k at Q3, but the final quarter saw a significant increase with £24k received.</p> <p>At Q3 the service was reporting additional pressures of £50k within grounds maintenance. The service manager has changed cutting regimes in the final quarter to mitigate a £30k pressure from additional grass verges and recharges to services not included in the forecast at quarter 3 £20k.</p>
Health & Safety	41	40	38	(3)	1			
Forestry Maintenance	116	116	119	4	4			
Highways Capital Charges	1,828	1,828	1,828	0	N/A			
Highways Management	487	496	399	(88)	3	62		<p>The highways re-procurement project has underspent by £62k against the total £100k budget. At Q3 the forecast assumed full spend as the budget will be required to meet the needs of the project in future years.</p> <p>£15k underspend on agency staffing as a result of lower usage in Quarter 4 due to sickness and annual leave.</p>

Function	Revised Budget	Q3 Forecast	Q4 Outturn	Variance to Budget	Key	Budget Carry Forward	Transfers to / (from) Reserves	Comments
								Income targets were overachieved with £15k additional income raised in March for traffic regulation orders.
Commissioned Transport	1,921	2,203	2,333	412	5			Demand has increased from 45 contracts in April to 83 at Outturn with an increase of 13 in last quarter alone. The majority of the increase in contracts relates to Special Educational Needs Transport. Contract rates on 21 contracts increased during the last quarter, resulting in additional costs of £41k.
Lights Barriers Traffic Signals	147	131	114	(33)	1			£24k underspend on Street Lighting maintenance with fewer repairs required.
Parking	(65)	(177)	(171)	(106)	2	6		The majority of the underspend relates to improved parking income which has returned to pre covid levels. Carry forward for works on car parks being balance of underspend on 21/22 maintenance which will be delivered in 22/23.
Pool Cars & Car Hire	104	100	97	(7)	1			
Public Protection	403	399	393	(10)	1			
Public Rights of Way	33	44	38	5	4			
Public Transport	766	756	714	(52)	1			The Council received Covid-19 bus service support grant (CBSSG) in 4 tranches with the total funding received c£200k. Bus operators had to claim funding from the Council. The Council received the final tranche (£50k) in January and had no claims submitted

Function	Revised Budget	Q3 Forecast	Q4 Outturn	Variance to Budget	Key	Budget Carry Forward	Transfers to / (from) Reserves	Comments
								contrary to expectations. The grant will offset some of the transport pressures within commissioned transport.
Road Maintenance	367	317	308	(59)	2			More overheads charged to capital in line with actual works delivered giving rise to a saving of £66k
Transport Management	375	321	314	(61)	1			The are vacancies within the team with the Senior Transport Manager post being mitigated by acting up arrangements within the team.
Waste Management	3,096	3,067	2,677	(419)	6	220		<p>The waste re-procurement project has underspent by £220k against the total £263k budget. At Q3 the forecast assumed full spend as the budget will be required to meet the needs of the project in future years.</p> <p>Further underspends relate to:</p> <ol style="list-style-type: none"> 1. a drop in waste tonnages and gate fees for Dry Mixed Recycling £111k, 2. green waste subscriptions are up £45k against budget of £480k. The budget was based on 12k bins with the actual bin subscriptions reaching 13k. Subscriptions for 22/23 are already at 12k. 3. Income from bulky waste refuse collection and sales of recyclables up c£38k against budget.

Function	Revised Budget	Q3 Forecast	Q4 Outturn	Variance to Budget	Key	Budget Carry Forward	Transfers to / (from) Reserves	Comments
Winter Maintenance	274	274	217	(57)	1		33	The mild winter has resulted in the Council not having to purchase as much salt stock saving £33k. The mild winter also provided £25k savings on winter maintenance costs (less use of gritters etc)
Safe and Active Public Realm	11,604	10,965	11,019	(584)		288	33	
Planning Policy	447	417	390	(57)	1		43	The majority of the underspend is against the old local plan, £43k, which increased since quarter 3 from the reported underspend of £29k.
Development Control	150	56	(53)	(203)	1		130	The underspend is mainly due to an increase in planning income, with 3 Planning Applications received in last 2 months totalling £158k. The new local plan costs assumed funding of £194k from extra planning income. This will be transferred to the Local Plan reserve to meet any shortfall in income/additional costs.
Building Control	37	17	37	0	5			The movement from Q3 is as a result of the implementation costs of joining the Leicestershire Building Control Partnership as agreed in report 180/2021. So far the Council has incurred £17k of the £33k implementation costs with the remainder being required in 22/23 and has been adjusted in the budget for 22/23.
Emergency Planning	36	33	33	(2)	1			

Function	Revised Budget	Q3 Forecast	Q4 Outturn	Variance to Budget	Key	Budget Carry Forward	Transfers to / (from) Reserves	Comments
Economic Development	129	111	82	(46)	1	46		£33k underspend from Digital Rutland staff vacancy, with decision made in January not to recruit as funding was anticipated to be needed be used in Levelling Up and other bids hence carry forward request.
Sustainable Economy and Place	779	634	489	(288)		46	130	
Property Services	1,230	1,101	1,230	0	6			
Commercial & Industrial Properties	(272)	(176)	(249)	23	5			Rent is £49k under budget due to vacant units during the year, Utilities costs created a pressure £21k mainly due to non recovery of communal area costs and site and repairs £32k. These costs have been largely mitigated by movement on the bad debt provision. This provision is reviewed at the end and was not required due to the current level of debt owed by tenants.
Asset Management	958	925	981	23		0	0	
Culture & Registration Services	119	135	118	(1)	2			Registrar income is budgeted to be £166k and during the year we had initially seen a drop off in income due to Covid. However, quarter 4 income levels were much better than expected as the service to pre-pandemic levels of income.
Tourism	0	0	20	20	4		(20)	£18k spent on advertising professional fees and printing costs in the last quarter supporting Discover Rutland. This expenditure is subject to a welcome back fund bid and if successful will be paid in

Function	Revised Budget	Q3 Forecast	Q4 Outturn	Variance to Budget	Key	Budget Carry Forward	Transfers to / (from) Reserves	Comments
								22/23. This expenditure will be funded from the tourism reserve and if the bid is successful will top up the reserve to its current level.
Libraries	463	449	450	(13)	1			
Museum Services	421	417	407	(14)	1			
Sports & Leisure Services	252	244	190	(62)	1	64		The leisure re-procurement project has underspent by £62k against the total £83k budget. At Q3 the forecast assumed full spend as the budget will be required to meet the needs of the project in future years.
Culture and Leisure	1,255	1,245	1,185	(70)		64	0	
Total Places	14,986	14,024	13,905	(1,081)		358	163	

B3. RESOURCES BUDGET MONITORING SUMMARY

The Directorate Summary shows the performance against budget.

Key	
1 - Underspend with no impact next year (one off)	2 - Underspend with budget adjustment to be done in Q1 or already done
3 - One off underspend requested to be used next year	4 - Overspend with no impact next year (one off)
5 - Overspend where budget has been or needs to be adjusted next year	6 - Other where budget impacts next year contrary to outturn position

Function	Revised Budget	Q3 Forecast	Q4 Outturn	Variance to Budget	Key	Budget Carry Forward	Transfers to / (from) Reserves	Comments
Chief Executives Office	231	201	203	(28)	1	0	0	Underspend arising on St Georges project manager post being vacant following Local Plan decision
Directorate Management	311	348	350	39	5	0	0	Interim costs for Deputy Director temporary post, covered by underspends in the Legal & Governance Function
Communications	205	193	190	(15)	3	8	0	
Corporate Costs	161	174	169	8	5	0	0	
Pensions	906	901	911	5	4	0	0	
Audit Services	193	189	192	(1)	1	0	0	
Insurance	271	238	239	(32)	1	0	0	Anticipated increases in insurance cost did not materialise when final costs were confirmed
Accountancy & Finance	627	582	592	(35)	1	0	0	Vacancy savings through the year. Vacancy still exists at the year end covered by agency. Recruitment exercise unsuccessful in March.

Function	Revised Budget	Q3 Forecast	Q4 Outturn	Variance to Budget	Key	Budget Carry Forward	Transfers to / (from) Reserves	Comments
Information Technology	1,531	1,522	1,517	(14)	1	0	0	
Business Support Services	782	701	701	(81)	1	0	0	Vacancy savings throughout the year and savings on post and reprographics arising from reduced use of service. Savings will continue into 22/23 with plans to bring in resource as required.
Members Services	284	282	268	(16)	1	0	0	
Customer Services Team	187	152	164	(23)	1	0	(4)	Vacancy savings. £4k spend on MyAccount to be funded from Customer Services improvement reserve.
Elections	124	138	121	(3)	1	0	0	By-election postage less than anticipated hence movement from Quarter 3.
Legal Governance &	576	592	505	(71)	1	0	0	Governance vacancy savings £45k in year but now service is at full establishment. Additional agency support envisaged at Quarter 3 was not required. Legal underspend £26k arises from reduced demand, greater use of in house resource, and selective use of third party providers. Legal spend slowed down considerably in Quarter 4 with no new significant cases.
Human Resources	468	407	392	(76)	1	50	0	Vacancy savings through the year. Two key vacancies at the year end with temporary support in place through Leicestershire traded services. Professional fees savings of c£14k with fewer occupational health referrals. Training budget underspend is £38k. Other pressures have meant training was deprioritised in Quarter 4. There is a carry forward request to meet training pressures in 22/23

Function	Revised Budget	Q3 Forecast	Q4 Outturn	Variance to Budget	Key	Budget Carry Forward	Transfers to / (from) Reserves	Comments
Revenues & Benefits	339	298	190	(149)	1	0	52	Vacancy savings of £53k with an apprentice vacancy at the year end. Additional income of £10k arising from a court fee refund and £18k towards Covid grants administration, all received in Quarter 4. £52k additional income on Housing Benefits arising from better recovery of 'overpayments' (exercise completed in March). Amount to be transferred to Welfare Reserve to support claims in 22/23.
Financial Support	40	26	27	(13)	1	0	13	Hardship fund not used in 21/22 as the Council paid additional council tax support for those on low incomes and paid out c£140k in Household Support payments to support winter bills. Proposal to transfer to Welfare as potential for higher use due to cost of living crisis in 22/23
Total Resources Directorate	7,236	6,946	6,731	(505)		38	61	

Figures shown in brackets denotes surplus position

Appendix C. RESERVES AND COMMITTED FUNDS

The table below shows the position on all Earmarked Reserves, the outturn position on reserves is £200k which is made up of drawdown from reserves £2,223k less top up to reserves £2,424k. The column that are being requested as part of this report are

- Top Up – top up to reserves requested to meet future commitments.
- Drawdown Requested this Report – Drawdown requested for approval as part of this report. Amounts are forecasted to be spent in 22/23
- Drawdown 22/23 amount to be confirmed – Approval is requested up to this amount but the exact timing is not known, but budget will only be adjusted once confirmed the amount required in 22/23.

Reserve	Balance 01/04/21	Drawdown From Reserve	Transfer	Top Up	Balance 31/03/22	Budget Report Drawdown 22/23	Drawdown Approved Since Budget	Drawdown Requested this Report	Balance 31/03/23	Draw down 22/23 Amount to be confirmed	Reserve Balance
Commuted Sums	(437)	20	0	0	(417)	20	0	0	(397)	0	(397)
Developer Contributions	(4,753)	35	0	0	(4,719)	0	0	0	(4,719)	0	(4,719)
Oakham North	(3,213)	0	0	0	(3,213)	0	0	0	(3,213)	0	(3,213)
Total Development Reserve	(8,403)	55	0	0	(8,349)	20	0	0	(8,329)	0	(8,329)
Public Health	(394)	100	0	(113)	(407)	0	0	0	(407)	113	(294)
Tourism	(31)	20	0	0	(11)	0	0	0	(11)	0	(11)
Better Care Fund	(954)	97	0	(80)	(937)	200	0	0	(737)	80	(657)
Grants	0	0	0	(1,050)	(1,050)	0	0	345	(884)	705	0
Total Ring Fenced Reserves	(1,379)	217	0	(1,243)	(2,405)	200	0	345	(1,860)	898	(962)

Reserve	Balance 01/04/21	Drawdown From Reserve	Transfer	Top Up	Balance 31/03/22	Budget Report Drawdown 22/23	Drawdown Approved Since Budget	Drawdown Requested this Report	Balance 31/03/23	Draw down 22/23 Amount to be confirmed	Reserve Balance
Invest to Save	(173)	0	0	0	(173)	0	0	0	(173)	0	(173)
Internal Audit	0	0	0	0	0	0	0	0	0	0	0
Training	(75)	0	0	(50)	(125)	0	0	50	(75)	0	(75)
Repairs	(341)	92	0	0	(249)	0	0	0	(249)	0	(249)
Highways	(393)	30	0	(33)	(396)	30	0	0	(366)	0	(366)
Brexit	(266)	0	0	0	(266)	0	0	266	0	0	0
Digital Rutland	(26)	0	0	0	(26)	0	0	0	(26)	0	(26)
National Non Domestic Rates	(2,773)	0	0	0	(2,773)	2,314	0	0	(459)	0	(459)
Social Care Reserve	(1,338)	246	0	(225)	(1,316)	0	0	114	(1,202)	0	(1,202)
Legal & Insurance	(100)	0	0	0	(100)	0	0	0	(100)	0	(100)
Hardship Reserve	(162)	40	0	(65)	(187)	40	0	0	(147)	0	(147)
Pressure Reserve	(175)	175	0	0	0	0	0	0	0	0	0
Ash Dieback	(500)	0	0	0	(500)	0	0	0	(500)	0	(500)
Budget Carry Forward	(648)	445	150	(589)	(641)	0	0	505	(136)	109	(28)
CST Improvements	0	4	(150)	0	(146)	0	49	0	(97)	0	(97)
Rutland Adult Learning	(40)	0	0	0	(40)	0	0	0	(40)	0	(40)
Covid	(1,488)	906	0	(31)	(613)	79	0	0	(534)	57	(477)
High Needs	0	0	0	0	0	0	0	(1,025)	(1,025)	0	(1,025)
Neighbourhood Plans	(12)	0	0	(15)	(27)	0	0	15	(12)	0	(12)

Reserve	Balance 01/04/21	Drawdown From Reserve	Transfer	Top Up	Balance 31/03/22	Budget Report Drawdown 22/23	Drawdown Approved Since Budget	Drawdown Requested this Report	Balance 31/03/23	Draw down 22/23 Amount to be confirmed	Reserve Balance
Culture Reserve	(6)	0	0	0	(6)	0	0	0	(6)	0	(6)
Total Non-Ring-Fenced Reserve	(8,516)	1,938	0	(1,008)	(7,584)	2,463	49	(75)	(5,147)	166	(4,982)
Local Plan	0	13	(1,545)	(173)	(1,705)	0	0	0	(1,705)	660	(1,045)
Total Earmarked Reserves	(9,895)	2,168	(1,545)	(2,424)	(11,694)	2,663	49	270	(8,712)	1,724	(6,989)
Total Reserves	(18,298)	2,223	(1,545)	(2,424)	(20,043)	2,683	49	(270)	(17,041)	1,724	(15,318)

The Council has a number of underspends within the outturn which is already committed to meeting a future cost. The table(s) below shows the committed funds in three categories:

- Budgets for projects – where a budget spans more than one period then any unspent budget will be carried forward to the next period. At some point, a budget may no longer be needed but this is not the case;
- Initiatives – the workload and understaffing position in the year means that some “spending” may not have been delivered in the year as originally planned e.g. training. The intention is for that spending to be delivered in 22/23;
- Reserved funds – there are some areas where unutilised funds are set aside to meet future costs e.g. hardship funds.

The table also shows the amount of top up to reserves, the known drawdowns for 22/23, the drawdowns in 22/23 where the amount is to be confirmed and where the Council does not yet know when the commitment will be required.

Directorate Committed Funds							
Type	Directorate	Area	Top up to Reserve	Drawdown 22/23	Drawdown 22/23 amount to be confirmed	Drawdown unknown	Commentary
Project	Places	Highways Procurement	62	62			The budget amount was £100k in 21/22 which was the total budget required for the life of the procurement, with £38k spent in 21/22. Remaining amount required to complete the re-tendering of the project
Project	Places	Waste Procurement	220	220			The budget amount was £264k in 21/22 which was the total budget required for the life of the procurement, with £44k spent in 21/22. Remaining amount required to complete the re-tendering of the project
Project	Places	Leisure Procurement	64	64			The budget amount was £83k in 21/22 which was the total budget required for the life of the procurement, with £19k spent in 21/22. Remaining amount required to complete the re-tendering of the project
Project	People	Domestic Abuse New Duties	114	30	84		Grant funding of £114k received April 2021 but work delayed due to prioritising Ofsted improvement work. The Council has plan to implement duties to meet the requirements under the new act. Further £63k grant in 22/23 so total budget will be c£90k in 22/23.
Total Projects			460	376	84		
Initiatives	Resources	Communications	8	8			Cost of extending our EngagementHQ (EHQ) license to cover the year 2022/23. EHQ is the platform that is being used to support Rutland's Holiday

Directorate Committed Funds

Type	Directorate	Area	Top up to Reserve	Drawdown 22/23	Drawdown 22/23 amount to be confirmed	Drawdown unknown	Commentary
							Activity and Food (HAF) programme, as well as the central point of information about the Future Rutland Conversation/Shared Vision.
Initiatives	Resources	Human Resources Training -	50	50			Carry forward of some of the training budget underspend to ensure available resource in 2022-23 to meet training pressures which (a) were deferred from 2021-22 and (b) are increasing needs/demand arising from strategic pressures.
Initiatives	Places	Parking Maintenance -	6	6			In 2021/22 the Councils car parks have not been utilised as much as normal due to Covid, particularly in the first quarter of the year. This has led to less Maintenance being required, however as parking is returning to pre-pandemic levels it is envisaged that additional maintenance issues will arise on 22/23 as a result the underspend from 21/22 is being requested to be carried forward
Initiatives	Places	Economic Development - Levelling Up Bid	46	46			Continued support required to pull together the levelling up bid. Support will only be required until July
Initiatives	People	Business Intelligence Consultancy -	25		25		Request to c/fwd underspend on consultancy line to support the Business Intelligence team with changes around ASC reforms and further developments of BI systems

Directorate Committed Funds

Type	Directorate	Area	Top up to Reserve	Drawdown 22/23	Drawdown 22/23 amount to be confirmed	Drawdown unknown	Commentary
Total Initiatives			135	110	25	0	
Reserved Funds	Resources	Revenues & Benefits - Hardship	65			65	The Housing Benefits underspend of £52k is being transferred to the Hardship reserve along with the underspend on the hardship budget (£13k). This is being requested due to the current cost of living crisis, where the Council are expected more requests for support than normal.
Reserved Funds	Places	Winter Maintenance - Salt Stock	33			33	Due to the mild winter the Council has used less salt than budgeted. It is proposed to transfer this to the Severe Weather reserve to meet any pressures that due to inclement weather in future years.
Reserved Funds	Places	Planning Policy	43			43	Underspend on closing off the old local plan. To be transferred to the Local Plan to meet the rising costs.
Reserved Funds	Places	Development Control - Planning Income	130			130	The extra income received through planning has been transferred to the Local Plan to meet rising costs.
Reserved Funds	Places	New Local Plan			660		The forecasted amount to be used in 22/23
Reserved Funds	People	Public Health	113		113		This is ringfenced funding and any underspend must be transferred to a ring fenced reserve to be used to support the Public Health Function

Directorate Committed Funds							
Type	Directorate	Area	Top up to Reserve	Drawdown 22/23	Drawdown 22/23 amount to be confirmed	Drawdown unknown	Commentary
Reserved Funds	People	Schools	93		93		Underspend on Catch Up Premium, Pupil Premium Plus, School Improvement and Early Years Training to be transferred to a reserve to support schools and early years recovery into 22/23
Reserved Funds	People	Better Care Fund	54		54		This is ringfenced funding and any underspend must be transferred to a ring fenced reserve.
Total Reserved Funds			531	0	920	271	
Total Directorate Commitments			1,126	486	1,029	271	

Other Committed Funds							
Type	Directorate	Area	Top up to Reserve	Drawdown 22/23	Drawdown 22/23 Amount to be confirmed	Drawdown unknown	Commentary
Project	Capital Financing	Revenue Contribution to Capital Outlay (RCCO)	44	44			Required to complete works to OEP unit 2 and 4 within the Councils capital programme.
Total Projects			44	44	0	0	
Reserved Funds	Financing	CCG Funding	612			612	The Council received contributions from the CCG for CCH Headroom Funding and ASC workers Rewards Funding in the Final Quarter which is ringfenced to be spent on support for the Adult Social Care sector. Only a small amount was able spent in the Quarter (see Covid

Other Committed Funds

Type	Directorate	Area	Top up to Reserve	Drawdown 22/23	Drawdown 22/23 Amount to be confirmed	Drawdown unknown	Commentary
							Appendix). The rest will be required in 22/23.
Reserved Funds	Financing	Local Transport Authority Capacity Grant for Local Transport Plan	179	179			The Council received this grant in the final week of the year. This funding has been provided for the preparation and launch of the new Local Transport Plan (LTP) and to encourage Authorities to updates the LTP before the end of this parliament. This money will be required over the next 18 months to deliver against this.
Reserved Funds	Financing	Changing Lives	225	80	0	145	The Council has received income to support the Supporting Families Programme, which is around Early Help Programmes o keep families together. The Council will utilise this funding to continue Early Intervention work to keep families together with £80k committed to supporting this programme. The remainder will be transferred to the Social Care Reserve .
Reserved Funds	Financing	Cyber Security	127	127	0	0	The Council received the following <ul style="list-style-type: none"> • A base grant allocation of £75,000 for the delivery of the Cyber Treatment Plan • An additional £50,000 to address high priority issues identified in the Cyber Treatment Plan • An additional £25,000 to support actions to reduce risk created by use of legacy operating systems

Other Committed Funds							
Type	Directorate	Area	Top up to Reserve	Drawdown 22/23	Drawdown 22/23 Amount to be confirmed	Drawdown unknown	Commentary
							£23k was spent in year on these works with the remainder committed in 22/23
Reserved Funds	Financing	Neighbourhood Plan	15	15	0	0	Funds received to deliver the referendum for the Barleythorpe and Oakham Neighbourhood Plan
Reserved Funds	Financing	Better Care Fund	26	0	26	0	Extra income paid by the CCG to contribute to staff costs which will continue into 22/23
Reserved Funds	Financing	Ring Fenced Covid Grants	31	0	31	0	Transfer of ring fenced grants to the Covid reserve - £5k Contain Outbreak Management - and £26k Cultural Recovery Fund
Reserved Funds	Financing	Land Registry Data Transfer	40	40	0	0	The Council received £40k to support the Land registry Data Transfer Project
Reserved Funds			1,255	441	669	145	
Total Other Commitments			1,299	485	669	145	
Total Commitments			2,425	971	1,698	416	

Appendix D. Covid Position

Background

The Council has received a number of grants that support the Councils response to the pandemic. Some of these funds are ringfenced (these are identified with (r) in the table below) and have to be spent on specific interventions to aid the Councils response. The unexpected either contributed towards existing costs shown in Directorates, represents funding not used in delivering the Covid response or compensation for loss of income.

Grant	Grant Amount	Transfer from Reserve	Total Available	Spent	Unspent	Transfer to Reserve	Unexpected income	Comments
Covid-19 LA Support Grant	724,436		724,436	339,649	384,787		384,787	
Infection Control Fund (r)	358,532	52,300	410,832	399,423	11,409		11,409	This was the Councils allocation of the fund. Contributes to existing budgeted costs
Test and Trace funding (r)	38,500	41,900	80,400	68,222	12,178		12,178	Funding allocated to the setting up and running of the Testing Centre and community testing programmes. Council used existing resource to deliver.
Covid Winter Grant (r)	52,196	16,100	68,296	61,506	6,790		6,790	This is the Councils admin fee for administering the scheme.
Cultural Recovery Fund (r)	62,707		62,707	36,619	26,088	26,088	0	
Contain Outbreak Management (r)	186,951	83,000	269,951	265,286	4,665	4,665	0	
Loss of income (Sales, Fees & Charges)	127,565		127,565		127,565		127,565	Claimed to replace loss of income. Parking largest and budget reduced by £100k in 21/22.
Workforce Capacity Fund (r)	240,153		240,153	228,911	11,242		11,242	This was the Councils allocation of the fund. Contributes to existing budgeted costs

Grant	Grant Amount	Transfer from Reserve	Total Available	Spent	Unspent	Transfer to Reserve	Unexpected income	Comments
ASC Vaccine Funding (r)	12,421		12,421	11,864	557		557	This was the Councils allocation of the fund. Contributes to existing budgeted costs
ASC Rapid Testing Fund (r)	203,872	24,500	228,372	211,212	17,160		17,160	This was the Councils allocation of the fund. Contributes to existing budgeted costs
New Burdens	133,736		133,736		133,736		133,736	Funding received for new burdens (mainly business grants) that the council did not bring in additional resource.
Practical Support for those Self Isolating (r)	54,788		54,788	54,788	0		0	
Leisure Recovery (r)	59,249		59,249	59,249	0		0	
Testing Centre and Community Testing Programme (r)	126,756		126,756	44,227	82,529		82,529	Funding received for running the testing centre and Community Testing programmes that the council did not bring in additional resource.
Household Support Fund (r)	125,290		125,290	125,290	0		0	
Sub-Total Grants	2,507,152	217,800	2,724,952	1,906,246	818,706	30,753	787,953	
CCG – ASC Workers Rewards	364,377		364,377	364,377	0	0	0	Amount received was £562,873 with the balance shown in financing to be carried forward to continue to support ASC providers into 22/23
Total Funding	2,871,529	0	3,089,329	2,270,623	0	30,753	787,953	

The Council are holding £613k of reserves at the end of 22/23. The breakdown of the reserve is shown below

Funding	Balance 31/03/2021	Drawdown in Year	Top Up	Balance 31/03/2022	Committed 2022/23	Balance 31/03/2023	Comment
ASC Rapid Testing Fund	24,500	-24,500	0	0		0	
COMF	109,300	-83,000	4,700	31,000	(31,000)	0	Ringfenced funding can only be used on outbreak management expenditure. If not spent will have to be repaid.
Test, Track & Trace	41,900	-41,900	0	0		0	
Covid Winter Grant Scheme	16,100	-16,100	0	0		0	
Infection Control	52,300	-52,300	0	0		0	
General	1,244,700	-688,000	0	556,700	(79,000)	477,700	This is a general grant to support the pandemic response. This is not ringfenced. Commitments relate to ongoing staffing pressure included within the 22/23 Budget report
Cultural Recovery Fund	0	0	26,100	26,100	(26,100)	0	Ringfenced funding can only be used on cultural recovery. If not spent will have to be repaid.
CCG - Section 256	0	0	0	0	0	0	
Covid Reserve	1,488,800	-905,800	30,800	613,800	136,100	477,700	

Appendix E. Detailed Directorate Grants 21/22

This appendix shows grants received in 21/22 with directorates and what has been spent against them.

Grant	Received in Year	Expenditure in Year	Impact on 21/22	Comment
Covid Bus Service Support Grant (CBSSG)	203	153	50	
Staying Put Implementation Grant	12	0	12	
Holidays Activities and Food Programme	46	39	7	Admin cost of Administering - Already within core budget
Directorate Grants	261	192	69	

Appendix F. New/Drawdown of Grants 22/23

This appendix shows new/confirmed grants in 21/22.

Grant	Expenditure	Income	Earmarked Reserves	Comment
Grant Commitments				
Cyber Fund	126,000		(126,000)	Received in 21/22 and drawn down from reserve in 22/23
Neighbourhood Grant	15,100		(15,100)	Received in 21/22 and drawn down from reserve in 22/23
Changing Lives	80,000		(80,000)	Use of grant funding received in 21/22 to continue to deliver the Early Help Service and hit targets in relation to the payment by results funding.
Land Registry Data Transfer	40,000		(40,000)	Received in 21/22 and drawn down from reserve in 22/23
Local Transport Authority Capacity Grant for Local Transport Plan	178,000		(178,000)	This funding has been provided for the preparation and launch of the new Local Transport Plan (LTP) and to encourage Authorities to update the LTP before the end of this parliament. This money will be required over the next 18 months to deliver against this.
Total Grant Commitment	439,100	0	(439,100)	
New Grant				
Public Health Funding	37,300	(37,300)		Public Health funding confirmed higher than in the MTFP. Total funding confirmed of £1.365m
Holiday Activity Fund	89,200	(89,200)		Extension to the Holiday Activity programme in 22/23

Grant	Expenditure	Income	Earmarked Reserves	Comment
Supporting Families (Changing Lives)		(62,000)		Grant confirmed higher than budgeted. Total grant (£161k). Difference transferred to reserves
Council Tax Rebate	1,731,300	(1,731,300)		Energy rebate scheme
National Bus Strategy	41,500	(41,500)		Actual amount received was £150k in 21/22 with £55k spent in 21/22, £42k to be delivered in 22/23 with the remainder to be spent in 23/24
Travel Demand Management Grant	9,000	(9,000)		Actual Amount received was £50k in 21/22 with £25k spent in 21/22 expected expenditure of £9k in 22/23 with £16k in 23/24
Capability Fund	48,700	(48,700)		Bid submitted in 21/22 funding unused to be delivered in 22/23
Domestic Abuse Funding	63,000	(63,000)		Income confirmed for 22/23, will be put to the grant reserve until confirmation of how much expenditure required
Total New Grants	1,893,500	(2,082,000)	0	

Appendix G. Medium Term Financial Plan

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Outturn	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
	£	£	£	£	£	£	£
People	18,642,000	20,420,900	21,021,500	21,637,100	22,266,500	22,980,400	23,720,600
Places	13,906,000	15,948,600	15,948,400	16,963,800	16,956,500	17,332,600	17,718,700
Resources	6,729,000	7,725,200	7,775,300	7,804,800	7,895,800	8,017,800	8,202,600
Covid	(599,000)	0	0	0	0	0	0
Projects	0	251,000	0	0	0	0	0
Pay Inflation Contingency	0	1,021,500	1,387,000	1,749,100	2,114,200	2,478,900	2,849,300
Staffing Contingency		815,000	0	0	0	0	0
Demand Led Contingency		0	461,300	942,800	1,435,100	1,943,200	2,468,100
Net Cost of Services	38,678,000	46,182,200	46,593,500	49,097,600	50,668,100	52,752,900	54,959,300
Capital met from Direct Revenue	46,000	243,200	0	0	0	0	0
Appropriations	(2,478,300)	(2,478,300)	(2,478,300)	(2,478,300)	(2,478,300)	(2,478,300)	(2,478,300)
Capital Financing	1,646,943	1,646,900	1,646,900	1,646,900	1,646,900	1,646,900	1,646,900
Interest Receivable	(116,000)	(200,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)
Net spending	37,776,643	45,394,000	45,512,100	48,016,200	49,586,700	51,671,500	53,877,900
<u>Resources</u>							
Other Income	(2,786,294)	(1,604,500)	(1,604,500)	(1,604,500)	(1,604,500)	(1,604,500)	(1,604,500)
New Homes Bonus	(518,178)	(461,300)	0	0	0	0	0
Better Care Fund	(2,705,500)	(2,712,300)	(2,712,300)	(2,712,300)	(2,712,300)	(2,712,300)	(2,712,300)
Social Care In Prisons	(74,128)	(74,100)	(74,100)	(74,100)	(74,100)	(74,100)	(74,100)
Rural Delivery Grant	(890,396)	(890,400)	(890,400)	(890,400)	(890,400)	(890,400)	(890,400)
CSP Increase 1%		0	0	339,300	550,600	780,100	1,029,100
CSP Increase 2.5% 23/24 Only			145,728				
Retained Business Rates Funding	(5,638,278)	(3,462,200)	(6,268,900)	(6,215,000)	(6,448,900)	(6,448,900)	(6,448,900)
Government funding subtotal	(12,612,774)	(9,204,800)	(11,404,472)	(11,157,000)	(11,179,600)	(10,950,100)	(10,701,100)
Council Tax/Social care precept	(28,585,226)	(30,292,100)	(31,424,600)	(32,597,600)	(33,812,800)	(35,071,400)	(36,375,100)
Collection fund Deficit/(Surplus)	160,000	(159,000)	0	0	0	0	0
Total available Resources	(41,038,000)	(39,655,900)	(42,829,072)	(43,754,600)	(44,992,400)	(46,021,500)	(47,076,200)
Earmarked Reserve	200,000	(4,018,000)	(70,000)	0	0	0	0
Use of General Fund Balances	(3,061,357)	1,720,100	2,613,028	4,261,600	4,594,300	5,650,000	6,801,700
Balance brought forward	(11,509,805)	(13,026,162)	(10,281,062)	(7,668,034)	(3,406,434)	1,187,866	6,837,866
Local Plan	1,545,000	0	0	0	0	0	0

