

## CABINET

12 January 2023

### REVENUE BUDGET MONITORING 22/23 - PERIOD 8

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

Strategic Aim:	All	
Key Decision: No	Forward Plan Reference: FP/221222	
Exempt Information	No	
Cabinet Member(s) Responsible:	Councillor K Payne, Portfolio Holder for Finance, Governance and Performance, Change and Transformation	
Contact Officer(s):	Saverio Della Rocca, Strategic Director for Resources (s.151 Officer)	01572 758159 sdrocca@rutland.gov.uk
	Andrew Merry, Head of Finance	01572 758152 amerry@rutland.gov.uk
Ward Councillors	N/A	

#### DECISION RECOMMENDATIONS

That Cabinet:

1. Notes the revenue forecast at the end of November (para 3.3).
2. Notes that any emerging pressures that will continue have been provisionally built into the 23/24 draft budget.
3. Notes that the balance of the Local Plan reserve may not be sufficient to cover estimated costs. This position should be reviewed by September 2023 and a decision made as to whether the reserve balances should be increased.

#### 1 PURPOSE OF THE REPORT

- 1.1 To provide all Members with an update on the revenue budget position for 22/23. The forecast is based on estimates made for the end of November.
- 1.2 This report does not focus on the medium term financial position as this is covered in the 23/24 budget paper and was also covered in the Financial Sustainability Strategy.

## 2 EXECUTIVE SUMMARY

### 2.1 Financial priorities

2.1.1 The short-term priority for the 22/23 budget is for the Council to minimise reliance on reserves to balance the budget whilst still achieving its corporate objectives.

2.1.2 The original budget set in February 2022 was £42.346m. Officers highlighted pressures in the Outturn report (Report 104/2022) arising from contract extensions, utilities, pay, demand and the implementation of Government reforms which meant that use of reserves could reach £3.895m if all materialised. The challenge for 22/23 was to minimise use of reserves as far as possible.

### 2.2 Key questions and answers - budget performance in 22/23

	Key questions	Position	Comments and where you can find out more
1	Are we on track to achieve overall budget?	Green	Yes, under budget by £337k (see 3.3) because Officers have changed the budget in line with approvals received. Against our original budget, the Council is just under £1.3m overspent which shows the impact of the cost of living and other pressures.
2	How confident are we about forecasts?	Amber	Confident about most areas but demand led budgets have the potential to change quickly.
3	Are there budgets under pressure?	Red	Yes, Appendix B highlights a number of areas where the Council is seeing pressures.
4	Have we committed all the additional funding requested in the outturn report?	Green	No, see 3.1.2.

## 3 BUDGET PERFORMANCE IN 22/23

### 3.1 Overall position

3.1.1 This reports sets out the latest financial position as at the end of Period 8 (November 2022). It includes:

- a) Update on how the budget has changed (3.2)
- b) A summary of the revenue budget forecast for 22/23 (3.3)
- c) Local Plan budget Position (3.4)

3.1.2 At a headline level at budget setting, the total reserve usage was expected to be £2.689m (of which £2.314m relates to business rates timing differences). This was increased at outturn to a potential £5.917m for a range of new pressures. In the mid year, the use of reserves was estimated to be £3.389m. At Period 8, this figure is

now £3.658m and has increased because of the pay settlement and other pressure listed in 3.2.2 offset by underspends. This, rather than performance against budget, is a key indicator of success for the current position.

## 3.2 How the budget has changed

3.2.1 The Council approved its budget in February 2022 and revised this as part of the Revenue and Capital Outturn Report (104/2022). Appendix A shows how the budget has moved since the Mid Year report. The key changes are:

- a) The pay award for 22/23 was settled in November and cost an additional £312k.
- b) The Council has been awarded £113k to facilitate hospital discharge working closely with the Integrated Care Board and Leicestershire Partnership Trust. This all needs to be spent in 22/23 and is conditional on completion of a planned spending report and provision of weekly activity data;
- c) Cabinet approved additional funding to support the procurement and extension of the waste contract. £185k has been added to the budget to cover the cost of negotiating extensions, developing a waste infrastructure business case and appointing a financial partner to assist in the re-procurement work.
- d) The Better Care Fund programme has been finalised and resulted in extra funding being available including some draw down of reserves. This funding led to both new schemes and subsidized some existing costs.
- e) The Council is allowed to draw down its £1m share of the UK Share Prosperity Fund Allocation (UKSPF) following submission of its local investment plan. The revenue and capacity allocation is built into the budget and the capital elements of the funding will be added when the funding is drawn down.

Allocation 22/23			23/24	24/25
Capital	Revenue	Capacity	£117,344	£823,984
£23,469	£35,203	£20,000		

## 3.3 2022/23 Revenue forecast

3.3.1 The updated finance position is that the Council is forecasting a deficit position of £1.288m compared to a budgeted deficit position of £1.625m, resulting in a underspend of £0.337m. The table below shows the forecast position at the end of November.

	Original Budget	Total Revised Budget	Mid Year Forecast	Period 8	Variance to Budget
People	19,807	20,584	20,467	21,241	657
Places	14,701	15,901	15,500	15,843	(58)
Resources	7,667	8,064	7,693	7,833	(231)
Projects	0	217	217	434	217

	<b>Original Budget</b>	<b>Total Revised Budget</b>	<b>Mid Year Forecast</b>	<b>Period 8</b>	<b>Variance to Budget</b>
Contribution to Overheads	0	0	(162)	(162)	(162)
<b>Directorate Total</b>	<b>42,175</b>	<b>44,766</b>	<b>43,715</b>	<b>45,133</b>	<b>367</b>
Pay Inflation	674	0	678	0	0
Social Care Contingency	429	0	0	0	0
<b>Net Cost of Services</b>	<b>43,277</b>	<b>44,766</b>	<b>44,393</b>	<b>45,133</b>	<b>367</b>
Appropriations	(2,478)	(2,478)	(2,478)	(2,478)	0
Revenue Contribution to Capital	0	243	243	243	0
Capital Financing	1,647	1,647	1,648	1,648	1
Interest Receivable	(100)	(200)	(761)	(1,092)	(892)
<b>Net Operating Expenditure</b>	<b>42,346</b>	<b>43,978</b>	<b>43,045</b>	<b>43,454</b>	<b>(524)</b>
Financing	(39,656)	(39,796)	(39,656)	(39,796)	0
Transfers to / (From) Reserves	(2,683)	(2,557)	(2,428)	(2,370)	187
<b>(Surplus) / Deficit</b>	<b>7</b>	<b>1,624</b>	<b>961</b>	<b>1,288</b>	<b>(337)</b>

3.3.2 The overall position of the Council shows that the Council is experiencing significant additional cost pressures but these pressures are offset by staffing vacancies, other underspends including better than expected returns on investments and top slicing of some grants to contribute towards existing overheads.

3.3.3 Details of the functions over / underspending by more than £25k can be found in Appendix B.

### 3.4 Local Plan

3.4.1 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. A further £172.7k was added as part of the outturn report. The Local Plan budget is accounted for as a memorandum account and is not included within the table in 3.3.

3.4.2 The table below shows the latest position of the Local Plan budgets, which shows a pressure of £601k. No additional top up is requested as some of the figures are not known and there could be further fluctuation but a decision should be made on whether additional top up is needed by September giving time for the position to be reviewed. The oversight of the budget is within the scope of the Local Plan working Group.

<b>Local Plan</b>	<b>Budget</b>	<b>2021/22 Outturn</b>	<b>Forecast 2022/23</b>	<b>Future Years Forecast</b>	<b>Total Forecast</b>	<b>Projected Overspend</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Local Plan	(983)	12	411	678	1,101	118

<b>Local Plan</b>	<b>Budget</b>	<b>2021/22 Outturn</b>	<b>Forecast 2022/23</b>	<b>Future Years Forecast</b>	<b>Total Forecast</b>	<b>Projected Overspend</b>
No Local Plan	(736)	(26)	121	1,124	1,219	483
<b>Total</b>	<b>(1,719)</b>	<b>(14)</b>	<b>532</b>	<b>1,802</b>	<b>2,320</b>	<b>601</b>

### **3.5 Funding Bids**

3.5.1 The Rural England Prosperity Fund was announced by Government on 3rd September 2022. It complements the UKSPF and is a top-up to help address the extra needs and challenges facing rural areas. Rutland has a notional allocation of £400k.

3.5.2 The Council submitted an investment plan and have had confirmation that Council will be awarded capital funding of £100k in 23/24 and £300k in 24/25. This is in addition to the UKSPF mentioned in para 3.2.

## **4 CONSULTATION**

4.1 Formal consultation is not required for any decisions being sought in this report. Internal consultation has been undertaken with officers to assess the impact of the forecast on the budget in future years.

## **5 ALTERNATIVE OPTIONS**

5.1 Cabinet are requested to note the current position. There are no alternative options.

## **6 FINANCIAL IMPLICATIONS**

6.1 The report highlights the impact of the current forecast for 22/23. Reducing spend maximises the balances available for future years.

## **7 LEGAL AND GOVERNANCE CONSIDERATIONS**

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

7.2 There are functions within the People and Places Directorates that fall into this category, but no specific request has been made because overspends can be contained within the overall budget.

## **8 EQUALITY IMPACT ASSESSMENT**

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

## **9 COMMUNITY SAFETY IMPLICATIONS**

9.1 There are no community safety implications.

## **10 HEALTH AND WELLBEING IMPLICATIONS**

10.1 There are no health and wellbeing implications.

## **11 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS**

11.1 The report updates Cabinet and all members of the forecast financial position for 22/23 which is positive as the Council is not intending to draw down all of the additional budget approved at Outturn.

## **12 BACKGROUND PAPERS**

12.1 None

## **13 APPENDICES**

Appendix A	Approved Budget Changes
Appendix B	Variances Over/underspent £25k

## Appendix A. Approved Budget 22/23 changes

This Appendix shows budget changes since Outturn.

Description	Net Cost of Services		Capital Financing	Funding	Transfer to/(from) Reserves	Spend on Capital	(Surplus)/ Deficit
	£000	£000	£000	£000	£000	£000	£000
<b>Mid Year Budget</b>	<b>47,862</b>	<b>(3,761)</b>	<b>(1,031)</b>	<b>(39,656)</b>	<b>(2,481)</b>	<b>243</b>	<b>1,176</b>
Pay Award 2022/23 (i)	312	0	0	0	0	0	312
Waste Procurement (ii)	185	0	0	0	0	0	185
Transport Fleet Drivers (iii)	9	0	0	0	(9)	0	0
Better Care Fund (iv)	158	0	0	(141)	(66)	0	(49)
Hospital Discharge Funding (v)	113	(113)	0	0	0	0	0
UK Share Prosperity Fund Allocation (UKSPF) (vi)	35	(35)	0	0	0	0	0
<b>Current Budget</b>	<b>48,674</b>	<b>(3,909)</b>	<b>(1,031)</b>	<b>(39,797)</b>	<b>(2,556)</b>	<b>243</b>	<b>1,624</b>

Figures shown in brackets denotes income/surplus position

- i) The Mid Year Budget position included 4% contingency for the pay award, but the final award of £1,925 per employee equated to c6% (pressure of c£312k).
- ii) The Waste and Streetscene Services Contract Options paper (174/2022) was presented to Cabinet in October and Council in November.
- iii) An additional £9k has been drawn down from the SEN transport outturn request due to continuing demand and the need to appoint 2 new officers.
- iv) To reflect the Better Care Fund Programme (Report 163/2022) as submitted to the Health and Well Being Board on the 11<sup>th</sup> October 2022.
- v) The Council has been awarded £113k to facilitate hospital discharge working closely with the Integrated Care Board and Leicestershire Partnership Trust. This needs to be spent in 22/23 and is conditional on completion of a planned spending report and provision of weekly activity data.
- vi) The Council is allowed to draw down its £1m share of the UK Share Prosperity Fund Allocation (UKSPF) following submission of its local investment plan. £20k for capacity was already in the budget.

## Appendix B. Functions Over/Underspent by £25k

Ref	Function	Budget	Forecast	Variance	Comment
1	Contracts and Procurement	£523k	£458k	(£64k)	Underspend mainly due to vacancies
2	Development Control	£184k	£40k	(£144k)	This is largely due to an increase in planning income. The Council have currently collected c£420k of the £444k budget. The trend is expected to continue throughout the rest of the year. There are no major planning applications expected for the rest of the year.
3	Parking	(£204k)	(£158k)	£47k	There is a £70k shortfall in income mainly due to a reduction in income from staff parking permits. This has been partly mitigated by salary savings c£8k and reduced pay by mobile contract costs c£16k.
4	Public Transport	£834k	£719k	(£115k)	<p>The Cost of Public transport provision has reduced with Oakham Town Council contributing £25k to the service and reduced costs for operating service 9 in-house for 7 months.</p> <p>Concessionary fares usage levels are still lower than predicted having not fully recovered following Covid.</p> <p>Additional Funding (£60k) from the Local Transport Fund. It is not expected there will be additional cost associated with this funding as it is to support the rising costs of providing Public Transport.</p>
5	Highways Management	£419k	£525k	£106k	Overspend largely relates to staffing position due to additional demand within the team and interim cover for

Ref	Function	Budget	Forecast	Variance	Comment
					maternity.
6	Transport Management	£412k	£283k	(£129k)	Underspend mainly due to vacancies.
7	Finance	£691k	£744k	53k	Overspend due to interim staffing arrangements.
8	Revenues and Benefits	£393k	£430k	£37k	Overspend due to interim staffing arrangements associated with implementing the Care Cap reforms.
9	Communications	£213k	£151k	(£62k)	Underspend mainly due to vacancies.
10	Business Support Services	£774k	£661k	(£113k)	Underspend mainly due to vacancies. £100k is planned and will be a saving in 23/24.
11	Customer Services	£202k	£173k	(£29k)	Underspend mainly due to vacancies.
12	Members Services	£290k	£265k	(£25k)	Underspend due to Councillor vacancies.
13	Economic Development	£249k	£138k	(£111k)	Underspend mainly due to vacancies.
13	Interest Receivable	(£200k)	(£1,092k)	(£892k)	Better returns on investments as base rate continues to rise and Council's cash balances remain high.
14	Contribution to Overheads	£0k	(£162k)	(£162k)	We have set aside grant income to contribute towards management costs and overheads.
15	Adult Social Care Reforms	£117k	£334k	£217k	The Council had begun work on the reforms which have been delayed as part of the government's Autumn Statement. Some element of the project will continue ahead of the reforms as they align to the Councils transformation agenda e.g. enabling people to self-serve more.

