

## CABINET

15 August 2023

# 2023/24 QUARTER 1 - REVENUE AND CAPITAL FORECAST REPORT

### Report of the Portfolio Holder for Resources

Strategic Aim:	A modern and effective Council	
Key Decision: No	Forward Plan Reference: FP/280723	
Exempt Information	No	
Cabinet Member(s) Responsible:	Cllr A Johnson, Portfolio Holder for Resources	
Contact Officer(s):	Kirsty Nutton, Director for Resources (s.151 Officer)	01572 758159 knutton@rutland.gov.uk
	Andrew Merry, Head of Finance (ds151)	01572 758152 amerry@rutland.gov.uk
Ward Councillors	N/A	

### DECISION RECOMMENDATIONS

That Cabinet:

- Notes the forecast year end position as at the end of June (first quarter) for
  - Revenue Position (Section 3)
  - Capital Position (Section 4)
  - Dedicated Schools Grant (Section 6)
- Notes the update on the Financial Sustainability Strategy (Section 7)
- Notes performance against the Treasury Management Prudential Indicators is in line or better with the Strategy set (Appendix B)

### 1. PURPOSE OF THE REPORT

- Under the Council's constitution Cabinet is responsible for overseeing matters relating to the Council's financial (capital and revenue) resources, within the budget set by Council each year at Budget Council.
- This report provides Cabinet with the forecast outturn position for both the revenue budget and capital programme for 2023/24.

## 2. EXECUTIVE SUMMARY

2.1 This report sets out the forecasted outturn as at 30 June 2023 for 2023/24. The report compares the forecasted outturn position to the revised budget and forecasted variance.

2.2 The key areas to note are as follows:

- The outturn position shows an overall forecast underspend of £1.2m compared to budget which largely relates to better investment income receipts against the budget due to a national context of rising interest rates to combat inflationary pressures by the Bank of England. The nature of this income is being modelled in terms of the short term impact on the future medium term financial position, due to the income receipts directly relating to interest rate increases and cash balances held.
- For 'net cost of services' the Council is forecasting an underspend of £0.2m. This underspend is mainly arising due to the level of vacancies across the Council. This position is mitigating pressures arising from contracts price increases through changes in demand, such as increased complexity in case in additional to numbers of clients requiring care. Vacancy levels present the Council with risks (as outlined in the Strategic Risk Register) and management are managing the impact of staffing levels on the performance of services, delivery of the Corporate Strategy, and the sustainable nature of this risk.
- The overall forecast position provides the Council with opportunities to deliver the requirements set out in the Financial Sustainability Strategy earlier, such that ensuring the Council can live "within its means". Only spending the funding, it receives and balancing the budget in any given year without using General Fund reserves, which is still going to be a challenge. As a result the Council is currently forecasting to use less Reserve balances than set out in the original budget plan, which enables the Council to consider alternative funding and timing strategies for investment required to improve the efficiency or change to service delivery.

## 3. 2023/24 REVENUE FORECAST OUTTURN

3.1 The Council continues to operate in a challenging financial environment largely the result from national and international events. Following on from the previous financial year, inflationary pressures are still experienced alongside challenging operating environments for key services and short term funding agreements from Government.

3.2 The net revenue budget for 2023/24, agreed at Full Council in February 2023, was approved at £49.3m. The following table reconciles the movements to the budget through the year to the revised budget for the 'Net Cost of Services' the year of £45.1m. The budget has been amended for presentational improvements to aid budget management for depreciation and the monitoring of the contingency budget used to manage in year risks. The other adjustments enable the Council to better control risks and ensure mitigating actions are developed by management to keep expenditure within the budget estimates whilst protecting reserve balances increasing the Council's financial resilience.

Budget allocated for 2023/24	£000	Approved at:
Net Cost of Services	49,225	Council February 2023
Remove depreciation budgets	(2,643)	S151 - presentational virement. There is no impact on the MTFs position as this is an accounting

Budget allocated for 2023/24	£000	Approved at:
		adjustment. Removal increases transparency of reporting actual financial performance.
Contingency budget shown within Financing	(896)	S151 - presentational virement. There is no impact on the MTFs position. Amendment to reporting lines increases transparency of reporting financial performance and risk mitigation activities.
Adults Fair Cost of Care	(406)	Approval requested in this report relating to an update to the assumptions used as part of setting the budget
Local Transport Plan Capacity Funding	(182)	No expenditure expected in 2023/24. Funding transferred to reserves.
<b>Revised Net Cost Services Budget</b>	<b>45,098</b>	

- 3.3 The Adults Fair Cost of Care adjustment relates to an update to the assumption used in the MTFs where a prudent estimate of £2.0m was built into the budget in relation to supplier costs under a national inflationary environment. The budget has been amended to reflect the detailed work completed with suppliers to agree an appropriate fee uplift. The difference has been moved to the Contingency budget line which forms part of the Council's risk management approach with regards to risks relating to increased demand and complexity of cases presented to the Council during the year. To date this budget is forecasted based on management action to mitigate pressures being successful to manage demand levels. Should these mitigating activities not be successful this budget will be used to manage the risk, see point 3.8.
- 3.4 In addition to inflation, services have continued to be impacted by changes in demand, ie complexity of care cases alongside additional need for services. The level of demand for social care in Children's services, particularly the care leaver service, has continued to increase, with other services experiencing higher demand and cost, such as Home to School Transport for pupils with Special Educational Needs.
- 3.5 The Council's Net Cost of Services outturn position for 2023/24 is forecasting a small underspend position of £0.2m compared with the revised budget. However, there are a number of risks where further work is being undertaken to model the value of the pressure should management action not be successful. The following table shows the forecasted financial performance per directorate.

Directorate	Budget £000	Forecast £000	Variance £000	Forecast Status
Adults & Health	16,628	16,388	(240)	Underspend
Places	13,728	13,832	103	Overspend
Children & Families	6,664	6,917	253	Overspend
Resources	4,927	4,753	(174)	Underspend
Law & Governance	2,958	2,830	(128)	Underspend
Chief Executive	192	192	(0)	Breakeven
<b>Net Cost of Services</b>	<b>45,098</b>	<b>44,912</b>	<b>(186)</b>	<b>Underspend</b>
Financing & corporate costs (see 3.8)	(45,098)	(46,188)	(1,090)	Additional Income
<b>Total</b>	<b>-</b>	<b>(1,276)</b>	<b>(1,276)</b>	<b>Underspend</b>

3.6 The key budget variances are outlined in the following table by Directorate and by service area, with forecast pressures being highlighted in red and forecast underspends in green:

Directorate	Service area	Forecast Variance £000	Commentary for the forecast position compared to budget estimates
<b>Adults &amp; Health</b>	Community Care Services	(58)	Underspend mainly due to vacancies and use of the Better Care Fund
	Prevention & Assurance	(235)	Underspend mainly due to vacancies and use of the Better Care Fund
<b>Childrens &amp; Families</b>	Childrens Social Care	361	Variance is the combination of factors from the demand for Unaccompanied Asylum Seeking Children (UASC) which has caused a pressure of £0.1m. Use of agency staff to fill key roles which are vacant £0.2m, and additional care leavers £0.05m.
	Early Intervention, SEND, & Inclusion	86	The forecast overspend relates to High Needs residential placement costing £0.461m, the estimation at budget setting for this placement was £0.3m. Work continues in assessing needs and alternative service delivery options available. Savings relating to staffing vacancies has been used to mitigate some of this pressure. The service has submitted an application to the Health Service to fund 100% of this placement, which is the longer term mitigation for these costs.
	Childrens Directorate Management	(110)	Staffing vacancies
	Learning & Skills	(85)	£60k forecast underspend at RALS. There is a risk that if the Department for Education targets are not met grant income will require repayment.
<b>Places</b>	Safe & Active Public Realm	199	<u>Waste Management £64k forecast overspend</u> - £27k income from Bulky Waste and charging developers for bins has not yielded additional income as originally planned. There has been a £57k pressure from increased disposal costs. However, these pressures have been mitigated through a vacancy saving of £20k.
			<u>Transport £154k forecast overspend</u> - £318k is the forecast overspend on commissioned transport, with the majority relating to significant additional demand for SEN transport and Home to School transport. This forecast pressure has been mitigated by underspends on Public Transport £47k and £122k vacancy management within the Transport Team.
			<u>Highways £60k forecast underspend</u> - due to income from planning applications. Due to a

Directorate	Service area	Forecast Variance £000	Commentary for the forecast position compared to budget estimates
			large turnover of staff in July which was not forecasted, this underspend will be required to support the interim staffing arrangements.
	Culture & Registration Services	(71)	Forecast underspend relates to a business rates saving as the Museum is now zero rated. This has an impact on the Council's Business Rates income budget.
<b>Law &amp; Governance</b>	Corporate Services	(85)	Forecast underspend mainly due to vacancies.
<b>Resources</b>	Information Technology	(62)	No dual running of the admission software was required as originally planned due to renegotiation of the contract. The Rutland Information Service replacement has delivered savings of £20k earlier than envisaged (planned for 2024/25).
	Revenues & Financial Services	(43)	A vacancy within the team is being held at present, with possible impact on performance being monitored.

3.7 Additional information on financial performance of directorates compared to budget is provided in Appendix A. Details on the level of risks carried within each directorate is also provided, and where an estimate can be made, the potential financial impact if the risk does materialise.

### Financing and Corporate Costs

3.8 The following table shows the sources of income for the Council to fund the expenditure for 2023/24 and corporate contingencies to manage and mitigate risks that arise during the year, and Council capital financing costs.

Investment income returns are forecast to be greater than the budget set. This is a result of holding greater cash balances than originally envisaged due to grant income being received in advance of the activity being undertaken and funded, and reserve funding not being used as quick as estimated. Interest rates are at higher levels than forecasted by the Council's treasury advisors when the budget was set. Interest rates mirror the actions taken by the Bank of England in its role to stabilise and reduce inflation.

Financing	Budget £000	Forecast £000	Variance £000	Overall Status
Contingency	1,305	896	(409)	Less Use of funds
Capital Financing	1,647	1,647	0	Breakeven
Investment Income	(1,680)	(2,770)	(1,090)	Additional Income
Business Rates	(7,269)	(7,269)	0	Breakeven
Council Tax	(32,074)	(32,074)	0	Breakeven
General Grants	(6,428)	(6,428)	0	Breakeven
Reserves	(599)	(190)	409	Less Use of funds
<b>Financing Total</b>	<b>(45,098)</b>	<b>(46,188)</b>	<b>(1,090)</b>	<b>Additional Income</b>

3.9 CIPFA's Best Practice suggests that the Treasury Management Prudential Indicators for debt and investment performance should be reported quarterly.

Current performance is in line or better than the indicators set as part of the budget setting process. Performance against the indicators is contained in Appendix B

#### 4. 2023/24 CAPITAL POSITION

4.1 The Capital Budget was reported in the Outturn report (104/2023) of £38.447m

4.2 The capital programme was decreased by £0.3m, from £38.4m, to a revised capital programme of £38.1m, as shown in the following table.

Project	£000
<b>Approved Programme Outturn Report</b>	<b>38,447</b>
<b>Rolling Projects 22/23 Spend Removed</b>	
Disabled Facility Grants	(226)
Bridges	(60)
Footway Dressing	(45)
<b>Total</b>	<b>(331)</b>
<b>Revised Capital Programme</b>	<b>38,115</b>

4.3 The table below shows the capital forecast position for 2023/24.

Directorate / Funding stream	Total Project Budget £000	Prior Year Outturn £000	Forecast Expenditure £000	Total Project Expenditure £000	Variance £000
Adults & Health	698	0	698	698	0
Childrens & Families	6,961	6,277	684	6,961	0
Places	30,378	1,026	29,388	30,414	36
Resources	79	37	42	79	0
<b>Total Expenditure</b>	<b>38,116</b>	<b>7,340</b>	<b>30,812</b>	<b>38,152</b>	<b>36</b>
<b>Financed By</b>					
Grant	(35,019)	(6,894)	(28,161)	(35,055)	(36)
Prudential Borrowing	0	0	0	0	0
Capital Receipts	(632)	(37)	(595)	(632)	0
Revenue Contributions	(124)	(66)	(58)	(124)	0
Developers Contribution	(2,341)	(343)	(1,998)	(2,341)	0
<b>Total Financing</b>	<b>(38,116)</b>	<b>(7,340)</b>	<b>(30,812)</b>	<b>(38,152)</b>	<b>(36)</b>

4.4 There are 2 projects that are currently forecast to overspend. The following table provides a commentary on these projects and mitigating actions to ensure costs and funding remain in line with the budget set.

Capital Project	Project update	Forecast Overspend £000
Highways Programme	The overall programme is expected to come in within the available funding, but at this early point in the year based on known costs there is potential for a small overspend. This will be monitored throughout the year and if needed some of the uncommitted funding will be drawn down to cover the costs.	24
Fleet Replacement Funding	Delegation was given for £180k. However, initial cost estimates are reported to be greater than planned. The project manager is modelling how this additional cost can be mitigated.	11

## 5. DEDICATED SCHOOLS GRANT (DSG)

5.1 The Council has a deficit balance on the Dedicated Schools Grant (DSG). From 1 April 2020 a new regulation was introduced that enabled any deficit on the Schools budget to be transferred to the Dedicated Schools Grant Adjustment Account. This had the effect of separating schools budget deficits from the local authority General Fund for a period, initially set at three years but extended until March 2026.

5.2 The Council has agreed to underwrite the DSG deficit reserve through the use of a commitment against reserves of £1.3m, although the statutory override removes the immediacy for this requirement. This enables the Council to manage the risk of not making good the deficit through future DSG funding by the end of 2025/26.

### 2023/24 Position

5.3 The table below shows the deficit brought forward and the funding allocation for 2023/24.

	Schools £000	High Needs £000	Early Years £000	Central Schools £000	Total £000
<b>(Surplus)/Deficit Carry Forwards from 2022/23</b>	<b>4</b>	<b>1,515</b>	<b>(108)</b>	<b>(86)</b>	<b>1,325</b>
DSG Allocations prior to recoupment	(30,294)	(5,656)	(1,609)	(198)	<b>(37,757)</b>
Transfer between blocks	151	(151)	-	-	-
Academy Recoupment	29,158	310	-	-	<b>29,468</b>
<b>Total Funding</b>	<b>(985)</b>	<b>(5,497)</b>	<b>(1,609)</b>	<b>(198)</b>	<b>(8,289)</b>

5.4 For 2023/24 the High Needs Block is operating in a challenging environment with new demand being experienced and inflationary pressures resulting in an increase in price.

5.5 The forecast on the high needs block is being modelled with a number of cost drivers that are being considered:

- Demand levels – changes for the new academic year
- Average costs
- Impact of recovery plan measures
- Impact of Delivering Better Value programme – grant announcement expected during August (see 5.7)

5.6 In summary, the Council anticipates a decrease in the in-year deficit position to continue from the decrease experienced of £0.2m deficit in 2022/23. However, if the Council experiences exceptional demand for places and / or the Recovery Plan (including DBV programme) does not have the envisaged impact the deficit position could increase by c£0.5m. A detailed forecast will be provided in the next quarter financial performance report following the completion of the modelling.

### Delivering Better Value Programme (DBV)

5.7 To support the recovery of the deficit the Council have a recovery plan in place and are part of the national 'Delivering Better Value' (DBV) programme. The Council is not unique in the deficit balance for the High Needs block.

5.8 Through participation in this national scheme the Council are learning from best practice experienced in other Councils either from the sister programme 'Safety Value', or from the previous rounds of the DBV programme.

5.9 The Council has submitted a bid under the DBV programme for the £1.0m funding allocation. This funding will enable the Council's recovery plan to go further and faster to improve the outcomes of clients using this provision and address the need causing the additional demand from entering the Special Educational Needs system.

## 6. 2023/24 SAVINGS DELIVERY PERFORMANCE

6.1 The position on the 2023/24 budget a forecast underspent by £0.2m on the 'net cost of services' and additional income from treasury related investments of £1.1m. A surplus position of £1.3m is forecast and is shows potentially the Council ahead of the parameters of the Financial Sustainability Strategy for 2023/24.

6.2 The 2023/24 budget included £1.1m of savings from the cost of service delivery, and performance against these savings follows:

- The Council have delivered 16 of the 24 (75%) of the savings. From a monetary position this reduces to 64%.
- Currently five of the savings proposals have been highlighted as the service where the saving was identified is experiencing other emerging pressures resulting in that Business Unit forecasting an overspend. The impact of will be monitored, alongside the development of mitigating actions, with an update provided in the next report as the position on pressures is further understood.
- Three of the saving proposals are unlikely to be delivered in full.
  - IT Hardware – currently forecast to overspend due to requirement for replacement hardware. The Head of Service has mitigated pressure by making savings in over areas.
  - Governance Staffing – this saving is largely delivered, however, staffing costs have used a small proportion of this £3k. Overall, the Law & Governance Directorate is forecast to underspend so minimal impact on the overall position.
  - Refuse Collection – Gate Fees have risen, which has led to this saving not being deliverable.

6.3 The table below shows the overall position on the 23/24 savings

Savings Delivered	Number of Savings	Value £000
Issues Raised With Savings	5	283
No	3	127
Yes	16	721
<b>Grand Total</b>	<b>24</b>	<b>1,131</b>

## 7. PROGRESS DELIVERING THE FINANCIAL SUSTAINABILITY STRATEGY (FSS)

7.1 The Council have two key financial objectives stated in the approved Corporate Strategy ([Council 7 November 2022, Item 10](#)):

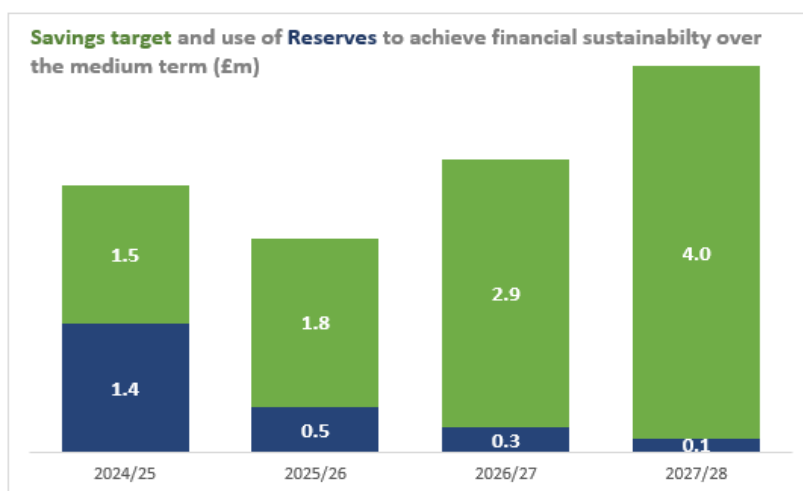


- The Council is committed to being financially sustainable - only spending the funding it receives and balancing the budget in any given year without using General Fund reserves.
- To maintain a recommended minimum limit of £3m as approved by Council as General Fund balance. This helps protect the Council's financial resilience whilst operating in a challenging financial context with medium to longer term funding uncertainty.

7.2 The strategy is based on the two objectives above and three principles:

- raising council tax to maximise yield
- delivering a transformation programme and an “affordable service offer” and any other savings required
- using up to £2m of reserves to subsidise the budget to enable time for savings to be delivered

7.3 The savings agreed, as part of the MTFS, along with a phased and tactical use of reserve balances is shown:



## Progress Update on Future Years

7.4 The previous chart shows that an additional £4m of savings are required by 2027/28, with £1.5m of these to be delivered in 2024/25. There are a number of actions underway to deliver the FSS. Actions include;

- Adoption by Full Council of the Reserve Strategy to facilitate financial resilience through use of balances to finance risk the Council may be exposed to, alongside investment provision to deliver medium to long term saving plans
- An enhanced Budget Setting Process 2024/25
- Delivery of the Transformation Programme

## Reserve Strategy

7.5 The Reserve Strategy is a fundamental building block in setting out the parameters for how reserves will be used to support the Financial Sustainability of the Council.

7.6 The Chartered Institute of Public Finance and Accountancy (CIPFA) recommend that the following factors should be taken into account when considering the level of

reserves and balances:

1. Assumptions regarding inflation and interest rates
2. Estimates of the level and timing of capital receipts
3. The capacity to manage in-year demand led pressures
4. Ability to activate contingency plans if planned savings cannot be delivered
5. Risks inherent in any new partnerships
6. Financial standing of the authority (level of borrowing, debt outstanding etc.)
7. The authority's record of budget management and ability to manage in year budget pressures
8. Virement and year-end procedures in relation to under and overspends
9. The general financial climate
10. The adequacy of insurance arrangements

7.7 The strategy is based on the use of six key reserves / funds which will provide a balance between funds required for investment to bring financial sustainability to the Council alongside funds for risk mitigation activity. The reserves in summary are:

- General Fund
- Financial Sustainability Strategy Reserve
- Risk Reserve
- Departmental Reserves
- Innovation Fund
- Process Improvement Fund

7.8 The level of reserve and more detail of the reserve can be found in the Reserve Strategy and Policy report.

### **Budget Setting Process 2023/24**

7.9 Council officers are working on an enhanced Budget Setting process for 2024/25 with the development of the budget being an integrated budget approach that is:

- A collection of strategies that paint the picture of how this Council will operate over the medium term
- It sets a direction from which the annual budget plan will evolve
- Annual budget plan leads to detailed budget work
- Owned by Council, Cabinet, Corporate Leadership Team and Heads of Services.

7.10 The process will be an iterative process as service ambitions and priorities are established and agreed with members. This process will incorporate the principles emerging from transformation and will allocate savings to match the Service Ambitions of the Council.

7.11 The timetable for this will result in a detailed budget being presented to Cabinet in January, regarding the usual governance processes through the intervening period.

### **Transformation**

7.12 The Council identified 12 workstreams that would be progressed with the aim of making the Council an efficient and effective Council (see Budget Council papers for additional detail). In summary the workstreams are:

- Operating Framework
- Customer
- Community Offer
- Commissioning and Contracting
- Public Realm
- Cultural Services
- Asset Management
- Special Educational Needs

- Digital, Data and Technology
- Enabling Services
- Health and Care Collaborative
- Transport

7.13 The Council have completed the first phase of the transformation programme which has looked at opportunities to improve service delivery and identify efficiencies. A series of development areas have been identified and officers are working alongside Cabinet to establish the feasibility of each, required timescales and phasing of actions required.

## **8. CONSULTATION**

8.1 Formal consultation is not required for any decisions being sought in this report. Internal consultation has been undertaken with officers to agree commentary and final position on all directorates.

## **9. ALTERNATIVE OPTIONS**

9.1 None required.

## **10. FINANCIAL IMPLICATIONS**

10.1 The report highlights the forecasted outturn for 2023/24 and the financial impact of this on the Medium Term Financial Strategy.

## **11. LEGAL AND GOVERNANCE CONSIDERATIONS**

11.1 There are no legal implications arising from this report.

## **12. DATA PROTECTION IMPLICATIONS**

12.1 A Data Protection Impact Assessments (DPIA) has not been completed because there are no risks/issues to the rights and freedoms of natural persons.

## **13. EQUALITY IMPACT ASSESSMENT**

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

## **14. COMMUNITY SAFETY IMPLICATIONS**

14.1 There are no community safety implications

## **15. HEALTH AND WELLBEING IMPLICATIONS**

15.1 There are no health and wellbeing implications

## **16. CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS**

16.1 The report updates Cabinet and all members of the forecasted outturn position for 2023/24 and highlights the key risks being managed within directorates. The position is positive and shows a reduction in use of reserves to support day to day expenditure.

## **17. BACKGROUND PAPERS**

17.1 Budget Setting Report (37/2023)

17.2 Financial Sustainability Strategy (158/2022)

## **18. APPENDICES**

- Appendix A – Directorate Appendices
- Appendix B – Treasury Management Prudential Indicator's

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

**Adults and Health Directorate**

**Summary position**

Table below shows the overall position for the directorate. Key commentary on variances is shown in paragraph 3.6.

Business Unit	Budget £000	Forecast £000	Variance £000	Forecast Status
Community Care Services	6,926	6,868	(58)	Underspent
Adult Social Care	6,280	6,310	30	Overspent
Prevention and Assurance	3,354	3,119	(235)	Underspent
Public Health	69	91	22	Overspent
<b>Grand Total</b>	<b>16,628</b>	<b>16,388</b>	<b>(240)</b>	<b>Underspent</b>

**Risk Register**

The table below shows the risks the Directorate is carrying that have not been factored into the forecast due to the position not being known at the point of forecasting, the cost is not yet known at present, or it is not certain cost will materialise.

Risk	Description	Cost £000	RAG
Demand	Increases in demand	Unknown	A
Complexity of Care	The population of Rutland is aging which is leading to changes in the complexity of packages of care and therefore increasing costs	Unknown	R
Staffing Underspends	Level of vacancies across the directorate and whether performance can be sustained	Unknown	A

**Places Directorate**

**Summary position**

The table below shows the summary position for the directorate. Key commentary on variances is shown in paragraph 3.6.

Business Unit	Budget £000	Forecast £000	Variance £000	Forecast Status
Safe and Active Public Realm	10,645	10,843	198	Overspent
Culture & Registration Services	1,014	943	(71)	Underspent
Property Services	983	990	7	Overspent
Sustainable Economy & Place	673	652	(21)	Underspent
Places Directorate Management Costs	372	370	(2)	Underspent
Sports & Leisure Services	43	34	(9)	Underspent
<b>Grand Total</b>	<b>13,730</b>	<b>13,832</b>	<b>102</b>	<b>Overspent</b>

**Risk Register**

The table below shows the risks the Directorate is carrying that have not been factored into the forecast due to the position not being known at the point of forecasting, the cost is not yet known at present, or it is not certain cost will materialise.

Risk	Description	Cost £000	RAG
Coroner Costs	Due to medical costs from Health and cost increases from Leicestershire there will an increase in cost to the contract	Unknown	A
Waste Transfer Station	The in-county waste transfer station is no longer available for use by the Council. An interim solution is in place to tip out of county pending a round review to mitigate additional costs.	£200k- £350k per annum	R
Property Repairs	Heating requirements at the Kings Centre and Unit 16a OEP. Solutions are likely to lead to replacement equipment which had not previously been assumed as part of budget setting. Costs are particularly acute for OEP due to the system used.	Unknown	R
Highways Staffing	There has been large turnover of staff in the Highways Team which is likely to result in interim staff being required.	£70k	R
Cost of Utilities	The Council continue to experience an increase in utilities costs, which is impacting Council properties and the Leisure Contract.	Unknown	A

**Childrens and Families Directorate**

**Summary position**

Table below shows the overall position for the directorate. Key commentary on variances is shown in paragraph 3.6.

Business Unit	Budget £000	Forecast £000	Variance £000	Forecast Status
Children's Social Care	3,325	3,687	361	Overspend
Early Intervention, SEND, & Inclusion	2,289	2,374	86	Overspend
Childrens Directorate Management	1,000	890	(110)	Underspend
Learning & Skills	51	(34)	(85)	Underspend
<b>Grand Total</b>	<b>6,664</b>	<b>6,917</b>	<b>253</b>	<b>Overspend</b>

**Risk Register**

The table below shows the risks the Directorate is carrying that have not been factored into the forecast due to the position not being known at the point of forecasting, the cost is not yet known at present, or it is not certain cost will materialise.

Risk	Description	Cost £000	RAG
Rutland Adult Learning	The Council's position assumes that education targets will be met. If the Council do not deliver the targets these grants may need to be rolled in to future years or repaid	Unknown	A
Delivering Better Value	Low risk of not receiving the grant which will impact how the SEN Team work.	£1m	G
General Demand	Increases in demand	Unknown	A
Care Leaver Demand	This service has experienced increasing demand linked to Unaccompanied Asylum Seeking Children and a general population growth within this area is likely to continue beyond 2023/24.	£50k (current overspend)	A

**Law and Governance Directorate**

**Summary position**

Table below shows the overall position for the directorate. Key commentary on variances is shown in paragraph 3.6.

Business Unit	Budget £000	Forecast £000	Variance £000	Forecast Status
Corporate Services	1,254	1,169	(85)	Underspend
Democratic Services	478	463	(14)	Underspend
Law & Governance Director Services	395	402	7	Overspend
Legal Services	374	371	(2)	Underspend
Contracts & Procurements	267	233	(34)	Underspend
Elections	192	193	1	On Budget
<b>Grand Total</b>	<b>2,958</b>	<b>2,283</b>	<b>(128)</b>	<b>Underspend</b>

**Risk Register**

The table below shows the risks the Directorate is carrying that have not been factored into the forecast due to the position not being known at the point of forecasting, the cost is not yet known at present, or it is not certain cost will materialise.

Risk	Description	Cost £000	RAG
Staffing Underspends	Level of Vacancies across the directorate and whether performance can be sustained	Unknown	<b>A</b>
Delivering Better Value	Low risk of not receiving the grant with one of the workstreams being around Business Intelligence and funding staff within the team there is a low risk that the budget position will be adversely affected.	£1m	<b>G</b>



## Resources Directorate

### Summary position

Table below shows the overall position for the directorate. Key commentary on variances is shown in paragraph 3.6.

Business Unit	Budget £000	Forecast £000	Variance £000	Forecast Status
Financial Services and Insurance	2,133	2,105	(29)	Underspend
Information Technology	1,489	1,427	(62)	Underspend
HR & Training	524	512	(12)	Underspend
Revenues & Financial Support	447	403	(43)	Underspend
Customer Services Team	198	178	(20)	Underspend
Strategic Director Resources	136	128	(8)	Underspend
<b>Grand Total</b>	<b>4,927</b>	<b>4,753</b>	<b>(174)</b>	<b>Underspend</b>

## Risk Register

The table below shows the risks the Directorate is carrying that have not been factored into the forecast due to the position not being known at the point of forecasting, the cost is not yet known at present, or it is not certain cost will materialise.

Risk	Description	Cost £000	RAG
Staffing Underspends	Level of vacancies across the directorate and whether performance can be sustained	Unknown	A
Hardware Replacement	The current hardware used by staff has already been used beyond its normal life, therefore failure demand is higher than expected. The Council is considering options to deliver new hardware and how funding through Capital may lead to revenue savings.	£42k	A
Internal Audit Contract	The Internal Audit contract is linked to Public Sector Pay Award. If the pay award is 6% then the contract will increase by 6%.	£6k	A

## Appendix B. Treasury Management Prudential Indicators

### Appendix B: Quarter 1 (Q1) Treasury Management Prudential Indicators (PI)

PI ref	PI	Description	TMSS	Q1	RAG	Commentary on Qtr performance against PI
1,2	Financing Costs to Net Revenue Stream	An indicator of affordability and shows the revenue implications of existing and proposed capital expenditure. Identifies the proportion of the revenue budget required to meet borrowing costs	3.85%	3.60%	<b>G</b>	Below the indicator. Capital financing costs have not changed from the budget. Net revenue stream has increased by £2.9m due to final confirmation of revenue grants to be received, Council tax and business rates position before the final Budget report and final TMSS was approved in February 2023.
3,4	Capital Expenditure	Expenditure on the acquisition, creation or enhancement of non-current assets including land, property and plant/equipment with a useful life of more than 1 year.	£16.4m	£38.1m	<b>A</b>	Above the indicator. Additional schemes have been reported and approved by Cabinet and Council appropriately. Additional schemes have not increased the Council's need to borrow funds. The 2022/23 outturn report (report number 104/2023) presented to Cabinet on 11 July updated the capital programme with 2023/24 carry forwards and additional capital schemes. Additional capital schemes are £24.1m LUF & £2.8m Highways, offset by £5m projects completed. Full details of the current position of the capital programme are shown in section 5 of this report.
5,6	Capital Financing Requirement (CFR)	Total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources	£18.2m	£18.2m	<b>G</b>	There have been no changes to the Council's own funding requirement of the capital expenditure during Q1 ie through borrowing, or through additional voluntary revenue contributions for the repayment of debt.
7	Authorised Limit	The level beyond which external debt is prohibited	£28m	£21.4m	<b>G</b>	The Council is below this indicator. No new borrowing has been undertaken during Q1.
8 (TMSS PI6)	Operational Boundary	The level of external debt the Council can afford	£23m	£21.4m	<b>G</b>	The Council is below this indicator. No new borrowing has been undertaken during Q1. (This PI is incorrectly referenced in the TMSS as PI6.)
9	Actual External Debt	Borrowings from Public Works Loan Board	£21.4m	£21.4m	<b>G</b>	The Council is in line with this indicator, no further external debt has been borrowed in Q1.
10	Gross Debt & the CFR	Capital Financing requirement less actual debt	(£3.2m)	(£3.2m)	<b>G</b>	The Council is in line with this indicator, there have been no changes to debt or the CFR during Q1.
11	Upper and lower of maturity structure of borrowing (Fixed)	Up to 2 years 2 to 10 years 10 years & above	25% 20% 100%	0% 0% 100%	<b>G</b>	The Council is within this indicator. Borrowing at long term fixed rates provides budget certainty.

## Appendix B. Treasury Management Prudential Indicators

PI ref	PI	Description	TMSS	Q1	RAG	Commentary on Qtr performance against PI
11	Upper and lower of maturity structure of borrowing (Variable)	Up to 2 years 2 to 10 years 10 years & above	25% 20% 100%	0% 0% 0%	<b>G</b>	The Council is below this indicator. Current borrowing is at fixed rates due to the uncertainty of variable rates. Borrowing at fixed rates provides budget certainty.
12	Upper limit on total principal sums invested for periods of longer than a year	Total principal funds invested for greater than 365 days.	10%	0%	<b>G</b>	The Council is below this indicator. Current policy is to keep investments short term to be able to mitigate the risk of the loss of opportunity through recent regular changes to the base rate. This approach helps to increase interest receipts on invested balances.
13	Incremental Impact of Capital Investment Decisions on Band D Council Tax	An indicator of affordability showing the impact of investment decisions on Council Tax. This shows how much Council Tax would need to increase to cover the cost of borrowing.	0.01%	0.00%	<b>G</b>	No borrowing is anticipated during 2023/24 and therefore no impact on Council Tax. The TMSS included external borrowing during 2022/23 for Digital Rutland which was not required.
14	Debt to net service expenditure	An indicator of affordability showing gross debt as a percentage of net service expenditure (maximum level of 60%)	47%	47%	<b>G</b>	Net service expenditure is £443k lower at Q1 compared to the TMSS. Despite this there has been no change in this indicator to the nearest %.
14b)	Net income from commercial and service investments to net revenue stream	This indicator shows the financial exposure of the authority to the loss of income, relates to service investment for which the Council has incurred borrowing cost	0.23%	0.33%	<b>A</b>	The Council incurred historical borrowing costs on OEP and this indicator shows the impact should this service investment income stop. The Q1 position is higher than the TMSS indicator based on OEP forecast of £55k surplus against budget, alongside an increase in net revenue stream of £2.9m as detailed in PI1 and PI2.